US Select Private Opportunities Fund II

ARSN 162 057 089

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</tbody>
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US Select Private Opportunities Fund II  
Report to unitholders  
30 September 2016

Dear Unitholders,

Welcome to the half-year report for US Select Private Opportunities Fund II (Fund) for the six months ended 30 September 2016.

Overview

Through US Select Private Opportunities Fund II, L.P. (LP), the Fund is fully committed across twelve highly attractive US private investment funds all focused on small-to-mid-market private investment opportunities. The LP has total committed capital of US$98.0 million.

At 30 September 2016, US$62.9 million (or 66.2% of the LP’s total committed capital) had been called. The Fund’s proportionate share of this is approximately US$54.9 million (an 87.3% share).

During the period, the LP received 20 drawdown requests and 3 capital returns, for a total net consideration of US$6.5 million. At 30 September 2016, net drawdown requests from underlying investments were approximately US$53.0 million (or 54.1% of the LP’s commitments to underlying funds).

At 30 September 2016, the Fund had net assets of $109,836,429 representing $1.99 per unit.

Underlying fund activity

Below were the key activities by underlying fund managers for the period:

Blue Point Capital Partners III, L.P. made an additional investment in Handi Quilter.

Chicago Pacific Founders Fund, L.P. made additional investments in the Senior Living and Dental platforms.

DFW Capital Partners IV, L.P. made an additional investment in Sebela Pharmaceuticals.

NMS Fund II, L.P. acquired Constellation Behavioral Health, a company that offers specialised treatment programs for addiction, mental health and co-occurring behavioral health disorders.

NMS also invested in Avaap, which delivers specific software solutions and IT services designed to help address specific business outcomes, technology optimisation and operational excellence.

RFE Investment Partners VIII, L.P. made additional investments in Squan, HTI Technology, Wind River and PCX Aerostructures.

Staple Street Capital II, L.P. (Staple Street) acquired Mid-States Supply Company, a leading value-added distributor of industrial valves, pipe, automation products, fittings, steam specialty items and controls. Mid-States provides its customers with a variety of value-added solutions, including valve actuation, custom fabrication and retrofitting, steam audits and management, and just-in-time and on-site inventory management programs.

Staple Street also invested in ABC Group, one of the world’s leading automotive suppliers of thermoplastic components and systems. ABC Group designs, develops and manufactures a highly engineered and strategically diverse thermoplastic product portfolio from its global footprint of 36 locations throughout North America, South America, Europe and Asia.

Tengram Capital Partners Gen2 Fund, L.P. made an additional investment in Tommie Copper Holdings.

Tower Arch Partners I, L.P. invested in Nexeo Staffing, a full-service staffing, payroll and HR management provider.

Tower Arch also made an additional investment in Histopathology Services.
Trive Capital Fund I, L.P. acquired Parfab, a provider of components and field services for heat and pressure intensive applications related to the downstream energy infrastructure markets. ParFab focuses on steel fabrication, ASME coil welding, piping, refractory and industrial coatings services from its fabrication facility, and its field services division focuses on process heater erection, revamp and re-tubing, and other activities stemming from the downstream new capital and recurring maintenance cycles.

U.S. Select Direct Private Equity (US), L.P. invested in Homepolish, an online marketplace connecting top quality interior designers to consumers and businesses in search of design services.

US Select Direct sold 80% of its investment in Sebela Pharmaceuticals and distributed $3,853,296 to the LP.  
US Select Direct sold its investment in Van Pool and distributed $1,846,371 to the LP.  
US Select Direct also made an additional investment in CPF Senior Living.

I would like to thank Unitholders for their continued support as we look to further enhance Australian investors’ exposure to small-to-mid-market US-based private investment firms.

Yours faithfully

Alex MacLachlan
Chairman of Walsh & Company Investments Limited

29 November 2016
The directors of Walsh & Company Investments Limited (Walsh & Co.), the Responsible Entity of the US Select Private Opportunities Fund II (the Fund), present their report together with the condensed financial statements of the Fund for the half-year ended 30 September 2016.

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

- Alex MacLachlan
- Tristan O'Connell
- Tom Kline

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

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

Review and results of operations
The profit for the Fund after providing for income tax amounted to $928,180 (30 September 2015: $12,940,158).

The key components of this result included a $3,129,446 fair value movement gain (2015: $8,406,369) on the Fund’s investment in the LP during the period and a $1,838,580 deferred tax expense (2015: nil) associated with the increase in fair value of the Fund’s investments. As at 30 September 2016, the Fund had net assets of $109,836,429 (31 March 2016: $113,323,452), representing $1.99 per unit (31 March 2016: $2.05 per unit).

The Fund has invested in a limited partnership, US Select Private Opportunities Fund II, L.P. (LP) which, in turn, invests in small-to-medium-sized private investment funds. The LP has committed capital across 12 underlying private investment funds which focus on a range of industries including consumer products, manufacturing and business services. For the half-year ended 30 September 2016, these underlying private investment funds made drawdown requests on the LP to fund their investments, management fees and operating expenses. Net drawdown requests made by the underlying private investment funds since inception to the end of the half-year totalled US$53.0 million.

The Fund has committed capital of US$83.0 million, representing an interest of 87.3% in the LP. The Fund’s proportionate share of the total capital called as at 30 September 2016 was US$54.9 million (or $71.7 million).

Distributions
Distributions paid during the financial half-year were as follows:

<table>
<thead>
<tr>
<th></th>
<th>30 September 2016</th>
<th>30 September 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution - 8 cents per unit paid on 1 August 2016</td>
<td>4,415,203</td>
<td>-</td>
</tr>
</tbody>
</table>

Events subsequent to the reporting period
No matter or circumstance has arisen since 30 September 2016 that has significantly affected, or may significantly affect the Fund’s operations, the results of those operations, or the Fund’s state of affairs in future financial years.
US Select Private Opportunities Fund II
Directors’ report
30 September 2016

Auditor’s independence declaration
A copy of the auditor’s independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors’ report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

___________________________
Alex MacLachlan
Chairman of Walsh & Company Investments Limited, Responsible Entity

29 November 2016
29 November 2016

Dear Board Members

US Select Private Opportunities Fund II

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

As lead audit partner for the review of the financial statements of US Select Private Opportunities Fund II for the financial half-year ended 30 September 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Michael Kaplan
Partner
Chartered Accountants
US Select Private Opportunities Fund II  
Condensed statement of profit or loss and other comprehensive income  
For the half-year ended 30 September 2016

<table>
<thead>
<tr>
<th>Note</th>
<th>30 September 2016 $</th>
<th>30 September 2015 $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign exchange (loss)/gain</td>
<td>134,563</td>
<td>93,933</td>
</tr>
<tr>
<td>Fair value movements of equity investments</td>
<td>3,129,446</td>
<td>8,406,369</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and administration fees</td>
<td>134,563</td>
<td>93,933</td>
</tr>
<tr>
<td>Listing fees</td>
<td>(4,133)</td>
<td>4,846,542</td>
</tr>
<tr>
<td>Accounting and audit fees</td>
<td>(24,395)</td>
<td>(23,468)</td>
</tr>
<tr>
<td>Custody fees</td>
<td>(66,673)</td>
<td>(34,787)</td>
</tr>
<tr>
<td>Share registry fees</td>
<td>(5,945)</td>
<td>(27,804)</td>
</tr>
<tr>
<td>Legal, compliance costs and due diligence</td>
<td>(14,038)</td>
<td>(6,172)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(23,475)</td>
<td>(24,482)</td>
</tr>
<tr>
<td>Profit before income tax expense</td>
<td>2,766,760</td>
<td>12,940,158</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(1,838,580)</td>
<td>-</td>
</tr>
<tr>
<td>Profit after income tax expense for the half-year attributable to the owners of US Select Private Opportunities Fund II</td>
<td>928,180</td>
<td>12,940,158</td>
</tr>
<tr>
<td>Other comprehensive income for the half-year, net of tax</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income for the half-year attributable to the owners of US Select Private Opportunities Fund II</td>
<td>928,180</td>
<td>12,940,158</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Cents</th>
<th>Cents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic earnings per unit</td>
<td>1.68</td>
<td>23.45</td>
</tr>
<tr>
<td>Diluted earnings per unit</td>
<td>1.68</td>
<td>23.45</td>
</tr>
</tbody>
</table>

The above condensed statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.
The above condensed statement of financial position should be read in conjunction with the accompanying notes.
US Select Private Opportunities Fund II  
Condensed statement of changes in equity  
For the half-year ended 30 September 2016

<table>
<thead>
<tr>
<th></th>
<th>Unit capital</th>
<th>Retained earnings</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 April 2015</td>
<td>87,096,476</td>
<td>32,488,711</td>
<td>119,585,187</td>
</tr>
<tr>
<td>Profit after income tax expense for the half-year</td>
<td>-</td>
<td>12,940,158</td>
<td>12,940,158</td>
</tr>
<tr>
<td>Other comprehensive income for the half-year, net of tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income for the half-year</td>
<td>-</td>
<td>12,940,158</td>
<td>12,940,158</td>
</tr>
<tr>
<td>Balance at 30 September 2015</td>
<td>87,096,476</td>
<td>45,428,869</td>
<td>132,525,345</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Unit capital</th>
<th>Retained earnings</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 April 2016</td>
<td>87,096,476</td>
<td>26,226,976</td>
<td>113,323,452</td>
</tr>
<tr>
<td>Profit after income tax expense for the half-year</td>
<td>-</td>
<td>928,180</td>
<td>928,180</td>
</tr>
<tr>
<td>Other comprehensive income for the half-year, net of tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income for the half-year</td>
<td>-</td>
<td>928,180</td>
<td>928,180</td>
</tr>
<tr>
<td>Distributions declared (note 7)</td>
<td>-</td>
<td>(4,415,203)</td>
<td>(4,415,203)</td>
</tr>
<tr>
<td>Balance at 30 September 2016</td>
<td>87,096,476</td>
<td>22,739,953</td>
<td>109,836,429</td>
</tr>
</tbody>
</table>

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.
US Select Private Opportunities Fund II  
Condensed statement of cash flows  
For the half-year ended 30 September 2016

<table>
<thead>
<tr>
<th>Note</th>
<th></th>
<th>30 September</th>
<th>30 September</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

Cash flows from operating activities

- Interest income received: $140,821 ($95,166)
- Net payments to suppliers: $(575,327) $(379,108)
- Income tax paid: $(1,490) -

Net cash used in operating activities: $(435,996) $(283,942)

Cash flows from investing activities

- Payment for investment in LP: - $(11,473,774)
- Receipts from distributions: $4,680,574 -

Net cash from/(used in) investing activities: $4,680,574 $(11,473,774)

Cash flows from financing activities

- Payment for distributions: 7 $(4,451,744) -

Net cash used in financing activities: $(4,451,744) -

Net decrease in cash and cash equivalents: $(207,166) $(11,757,716)

Cash and cash equivalents at the beginning of the financial half-year: $40,943,173 $72,914,233

Effects of exchange rate changes on cash and cash equivalents: $(48,567) 4,846,542

Cash and cash equivalents at the end of the financial half-year: $40,687,440 $66,003,059

The above condensed statement of cash flows should be read in conjunction with the accompanying notes.
1. General information

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

This half-year financial report is intended to provide users with an update on the latest financial statements of the Fund.

Basis of preparation

(i) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134: ‘Interim Financial Reporting’. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 ‘Interim Financial Reporting’. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

The condensed financial statements were authorised for issue by the directors on 29 November 2016.

(ii) Summary of significant accounting policies

The same accounting policies and methods of computation have been followed in this half-year financial report as were applied in the most recent annual financial statements.

The following new and revised Standards and Interpretations have been adopted in the current period and, where applicable, only affect disclosure and presentation in this financial report.

- AASB 2015-3 ‘Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality’

The adoption of the above standard had no material impact on the half-year financial statements.

(iii) Critical accounting estimates and judgements

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

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

Accounting policies which are subject to significant accounting estimates and judgements include ‘financial asset’ classification of the interest held by the Fund in the Limited Partnership (refer note 4(iii)), fair value determination of the interest held by the Fund in the Limited Partnership (refer to note 4 (iv)), recognition of a deferred tax liability in respect of likely USA tax obligations which will arise from underlying fund investment realisations (refer note 5), and selection of Australian dollars as the functional currency of the Fund.
2. Operating segment

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

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

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

3. Revenue

<table>
<thead>
<tr>
<th></th>
<th>30 September 2016</th>
<th>30 September 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>$134,563</td>
<td>$93,933</td>
</tr>
</tbody>
</table>

4. Non-current assets - other financial assets

(i) Equity investment constituting interest in Limited Partnership (LP) - at fair value:

<table>
<thead>
<tr>
<th></th>
<th>30 September 2016</th>
<th>31 March 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Select Private Opportunities Fund II, LP (LP)</td>
<td>$73,989,470</td>
<td>$75,540,599</td>
</tr>
</tbody>
</table>

(ii) Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>30 September 2016</th>
<th>31 March 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of the period</td>
<td>$75,540,599</td>
<td>$58,270,145</td>
</tr>
<tr>
<td>Capital invested - at cost</td>
<td>-</td>
<td>$21,628,981</td>
</tr>
<tr>
<td>Unrealised movement in fair value through profit or loss*</td>
<td>$3,129,446</td>
<td>$569,819</td>
</tr>
<tr>
<td>Distributions received from LP</td>
<td>($4,680,575)</td>
<td>($4,928,346)</td>
</tr>
<tr>
<td>Balance at the end of the period</td>
<td>$73,989,470</td>
<td>$75,540,599</td>
</tr>
</tbody>
</table>

* - included in the ‘movement in fair value’ amount of $3,129,446 (year ended 31 March 2016: $569,819) is an unrealised foreign exchange translation gain component of $43,062 (year ended 31 March 2016: $1,122,747 loss). This amount is also net of the Fund’s 87.3% share of management fees paid by the LP to the General Partner of the LP, totalling $1,103,889 (year ended 31 March 2016: $2,254,016) (refer to note 8).
4. Non-current assets - other financial assets (continued)

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

The 87.3% economic interest held by the Fund is not represented by voting rights or other power vested in the Fund to make decisions relating to the assets and liabilities of the LP. As is common practice with Limited Partnership arrangements, the General Partner of the LP is considered to be the party who holds the existing rights to direct the relevant activities of the LP, including the acquisition and disposal of investments.

The Fund’s 87.3% interest in US Select Private Opportunities Fund II, L.P. at 30 September 2016 is represented by its proportionate interest in the LP’s assets and liabilities as follows:

<table>
<thead>
<tr>
<th></th>
<th>30 September 2016</th>
<th>31 March 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$5,786,030</td>
<td>$12,553,981</td>
</tr>
<tr>
<td>Investment in US private investment funds recorded at fair value</td>
<td>$67,948,095</td>
<td>$62,985,715</td>
</tr>
<tr>
<td>Due from members</td>
<td>$483,241</td>
<td>$903</td>
</tr>
<tr>
<td>Due to Tengram Capital Partners Gen2 Fund</td>
<td>$(227,896)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td><strong>$73,989,470</strong></td>
<td><strong>$75,540,599</strong></td>
</tr>
</tbody>
</table>

(iv) Valuation
Valuation technique adopted
The fair value of the Fund’s interest in the LP is determined using a ‘proportionate’ value method based on the Fund’s 87.3% interest held in the total net asset values of the LP.

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

The fair value of the Fund’s interest in the LP is therefore ultimately based on the market valuation techniques adopted by the investment funds in the measurement of their underlying unlisted equity investments. The fair value is also subject to foreign exchange translation impacts arising from translating the USD denominated interest in the LP to AUD at each balance date.
4. Non-current assets - other financial assets (continued)

Investment risks
As noted above, the LP has invested in underlying private investment funds in the US market who have in turn invested in a portfolio of private equity investments. Because of the absence of any liquid trading market for these types of investments, it may take longer to liquidate these investments than would be the case for marketable securities and accordingly the value obtained on realisation may differ materially to the estimated fair values at balance date. The fair values assigned by the investment funds are based on a range of factors, including but not limited to the price at which the investments were acquired, the nature of the investments, private and public company comparables used to determine enterprise value, and other techniques using unobservable market inputs such as price/earnings multiples and discounted cash flow models. As such, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

These differences would directly impact the value of the interest held by the LP in the underlying investment funds and consequently the value of the interest held by the Fund in the LP. In addition, further investment valuation uncertainty arises as a result of a time lag of up to three months between the Fund's reporting date and the date of the most recent reported net assets of the private investment funds. Estimation uncertainty also arises in relation to likely US tax obligations the Fund will incur in connection with realisation of recorded fair value movements (refer note 5).

Inter-relation between significant unobservable inputs and fair value measurement
The inter-relation between the significant unobservable inputs and fair value measurements is such that the higher the growth rates or earnings multiples adopted by the investment funds, the higher the resultant fair value determination of the underlying equity investments, and therefore ultimately the higher the fair value of the Fund's investment in the LP. Since neither the Fund itself, nor the LP, has access to the underlying detailed equity investment valuations performed by the US investment funds, it is unable to assess the sensitivity of fair value determinations to changes in underlying unobservable inputs. However, at the Fund level, a 5% change (increase/decrease) in the carrying value of the LP's interest held in the underlying US investment funds would result in a $3,397,405 impact (increase/decrease) in the carrying value of the Fund's investment in the LP. A 5% increase in the AUD/USD exchange rate would decrease the value of the Fund's investment in the LP by $3,523,308. Conversely, a 5% decrease would increase the value of the Fund's investment by $3,894,183. Refer to note 1(iii) for further details regarding investment risks and estimation uncertainty applied in the determination of the fair value of the underlying unlisted equity investments to which the Fund is exposed.

(v) Capital commitments
As at 30 September 2016, the Fund has made capital commitments totalling US$83.0 million to the LP, of which US$54.9 million has been called at balance date.

As at 30 September 2016, the Fund has uncalled capital commitments of US$28.1 million (or $36.6 million) outstanding to the LP. The capital commitments can be called at any time in the future.

The uncalled capital commitments referred to above were converted at the half-year end exchange rate of 0.7664.

5. Non-current liabilities - deferred tax

<table>
<thead>
<tr>
<th></th>
<th>30 September 2016</th>
<th>31 March 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax liability</td>
<td>4,816,820</td>
<td>3,024,165</td>
</tr>
</tbody>
</table>

The deferred tax liability has been assessed based on an estimate of likely US tax obligations the Fund will incur upon realisation of recorded fair value movements in connection with certain underlying private equity investments. This estimate is subject to estimation uncertainty as a result of limitations in the availability of information pertaining to the tax structure of the underlying investments in respect of which the Fund has an interest.
6. Equity - unit capital

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Units</td>
<td>Units</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Ordinary units - fully paid</td>
<td>55,190,040</td>
<td>55,190,040</td>
<td>87,096,476</td>
<td>87,096,476</td>
</tr>
</tbody>
</table>

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

There were no movements in unit capital during the half-year ended 30 September 2016 (year ended 31 March 2016: nil).

7. Equity - distributions

Distributions paid during the financial half-year were as follows:

<table>
<thead>
<tr>
<th></th>
<th>30 September 2016</th>
<th>30 September 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Distribution - 8 cents per unit paid on 1 August 2016</td>
<td>4,415,203</td>
<td>-</td>
</tr>
</tbody>
</table>

8. Related party disclosures

Disclosures relating to key management personnel are set out in note 10.

Management fees

The Responsible Entity’s duties include establishing the Fund’s compliance plan and procedures and monitoring against regulatory and legislative requirements, the issuance of disclosure documents, the appointment and monitoring of external service providers to the Fund and overall administration of the Fund.

For these services, the Responsible Entity charged management fees of 0.33% per annum (exclusive of GST) on the gross asset value of the Fund. This is comprised of the Responsible Entity Fee of 0.08% per annum and Administration Fee 0.25% per annum. Management fees are paid to the Responsible Entity monthly in advance.

The total management fees paid to the Responsible Entity for the half-year ended 30 September 2016 was $195,009 (2015: $204,523), exclusive of GST. There were no outstanding management fees as at 30 September 2016 (2015: nil).

Fund administration fees

Australian Fund Accounting Services Pty Limited, a wholly-owned subsidiary of the Dixon Advisory Group Pty Limited, the parent of the Responsible Entity, provides fund administration services to the Fund under an agreement with the Responsible Entity. These services include net asset valuation, management accounting, statutory reporting, capital management and taxation. Total fund administration fees paid or payable for the half-year ended 30 September 2016 were $62,768 (2015: $41,439), exclusive of GST.
8. Related party disclosures (continued)

Investment manager fees
US Select Private Opportunities Fund II, L.P. (LP), in which the Fund holds an 87.3% interest, is required to pay its Investment Manager, US Select Private Opportunities Fund II, GP, being an entity associated with the Responsible Entity, for acting on behalf of the limited partnership to acquire, manage and transact on partnership interests within the scope of the limited partnership agreement, a fee equivalent to 2% per annum of the total funds committed by the partners to the LP. The fee is payable quarterly in advance from the funds of the LP. The total fees paid or payable during the half-year ended 30 September 2016 amounted to $1,264,478 (US$950,950) (2015: $1,265,364 (US$950,950)). The Fund’s 87.3% interest equates to $1,103,889 (2015: $1,104,663). This fee is recorded in the books of the LP.

US Select Direct Private Equity Fund (US), LP
At balance date, the Fund’s share of the LP’s investment in US Select Direct Private Equity Fund (US), LP was $10,121,861 (US$7,757,394) (31 March 2016: $15,078,386 (US$11,545,520)). The General Partner of this investment is associated with the Responsible Entity of the US Select Private Opportunities Fund. The LP’s share of the investment management fees paid to the General Partner for the half-year ended 30 September 2016 amounted to $99,728 (US$75,000). The Fund’s 87.3% interest equates to $87,062 (US$65,475).

9. Fair value measurement

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

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

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

<table>
<thead>
<tr>
<th>30 September 2016</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets carried at fair value</td>
<td>$73,989,470</td>
<td>73,989,470</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other financial assets - equity investment constituting interest in US Select Private Opportunities Fund II, LP</td>
<td>-</td>
<td>-</td>
<td>73,989,470</td>
<td>73,989,470</td>
</tr>
<tr>
<td>Total assets</td>
<td>-</td>
<td>-</td>
<td>73,989,470</td>
<td>73,989,470</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>31 March 2016</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets carried at fair value</td>
<td>75,540,599</td>
<td>75,540,599</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other financial assets - equity investment constituting interest in US Select Private Opportunities Fund II, LP</td>
<td>-</td>
<td>-</td>
<td>75,540,599</td>
<td>75,540,599</td>
</tr>
<tr>
<td>Total assets</td>
<td>-</td>
<td>-</td>
<td>75,540,599</td>
<td>75,540,599</td>
</tr>
</tbody>
</table>

The Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the transfer has occurred. There were no transfers between levels during the period ended 30 September 2016.

Details of the determination of level 3 fair value measurements including the valuation technique adopted and the key underlying unobservable inputs used are set out in note 4.
9. Fair value measurement (continued)

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

10. Key management personnel

Directors

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

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

11. Events after the reporting period

No matter or circumstance has arisen since 30 September 2016 that has significantly affected, or may significantly affect the Fund’s operations, the results of those operations, or the Fund’s state of affairs in future financial years.
In the opinion of the directors of the Responsible Entity:

- the financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with the Accounting Standards;
- the attached financial statements and notes give a true and fair view of the Fund’s financial position as at 30 September 2016 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors of the Responsible Entity made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors

___________________________
Alex MacLachlan
Chairman of Walsh & Company Investments Limited, Responsible Entity

29 November 2016
Independent Auditor’s Review Report to the Unitholders of US Select Private Opportunities Fund II

We have reviewed the accompanying half-year financial report of US Select Private Opportunities Fund II ("the Fund"), which comprises the condensed statement of financial position as at 30 September 2016, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors’ declaration of the Responsible Entity of the Fund as set out on pages 7 to 18.

Directors’ Responsibility for the Half-Year Financial Report

The directors of the Responsible Entity of the Fund are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of US Select Private Opportunities Fund II’s financial position as at 30 September 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of US Select Private Opportunities Fund II, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report 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 assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor’s Independence Declaration

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of US Select Private Opportunities Fund II is not in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the Fund’s financial position as at 30 September 2016 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.
Emphasis of Matter

Without modifying our conclusion attention is drawn to Note 4 to the half-year financial report, which includes a financial asset representing the Fund’s 87.3% interest in a Limited Partnership (LP). The fair value of this asset totalling $73,989,470 as at 30 September 2016 has been determined based on the LP’s proportionate interest in the reported net assets of a portfolio of US private investment funds in which the LP has an interest. Because of the inherent uncertainty of valuation as disclosed in Note 4, the estimated values at which the US private investment funds have themselves recorded the underlying unlisted equity investments held may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material. Such differences would ultimately impact the recorded fair value of the financial asset held by the Fund.

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants
Sydney, 29 November 2016
The Fund’s units are quoted on the official list of Australian Securities Exchange (ASX). 

The ASX code is USG

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