

Select Investment Partners
ABN 70 120 380 627
AFSL No. 308868
Level 5, 10 Spring Street, Sydney NSW 2000
P: +61 2 8022 7400
F: +61 2 8022 7448
E: info@selectfunds.com.au
W: selectip.com.au

26 March 2015

Dear Investor,

Investor Update – Winding up of Select Alternatives Portfolio

Note that the confidential information contained in this document is indicative and may change due to various factors including market movements.

Summary

- **We continue to work on the sale of the remaining SAP assets**
- **Although we have progressed on the realisation processes with respect to the remaining assets we are not in a position to pay a further redemption/distribution at this point**
- **We would expect to be in a position to provide a further update and a further redemption/distribution in the next 6-8 weeks**

As you would be aware, the Select Alternatives Portfolio was closed on 18 July 2014 and investors were provided the option of either receiving cash or units in the Neuberger Berman Absolute Return Multi Strategy Trust. Investors were paid an initial redemption representing 85% of their investment and a further repayment of 5% in early November 2014. The remaining investments therefore represent approximately 10% of the Portfolio at the commencement of the windup in July 2014.

While the intention has been to sell the remaining assets within the current 2014/2015 financial year, external factors have frustrated progress on exit options for several of the assets which will make this difficult. However, in order to expedite the process we are currently considering having an independent valuation done on several of the remaining assets in order to clarify value and facilitate possible secondary market transactions.

Please note that some sales may be at discounts on the current carrying value of investments. Note also that we are already carrying EIT at a discount to Net Asset Value (NAV) of 5%.

In terms of recent returns it is notable that, with the exception of Lion Selection Group and One Asia Resources, the remaining individual investments have produced positive returns in recent months and since the fund wind-up announcement. However, the poor recent performance from Lion Selection Group and One Asia Resources (and fund expenses) has led to overall slight to modest negative returns.

Performance of remaining holdings (to 28 February 2015)

Returns for:	3 months to 28.2.15	6 months to 28.2.15
SPEF*	7.4%	7.0%
EIT	2.5%	3.8%
Macquarie Pastoral*	0.6%	1.2%
One Asia Resources	0.0%	-60.0%
Lion Selection Group	-10.0%	-43.0%
Gottex Horizon	1.9%	9.4%
Phaunos Timber Fund	1.1%	15.1%

*Using estimate price

Note that returns for Phaunos Timber Fund and Gottex Horizon are unhedged

Performance for remaining SAP component (to 28 February 2015)

Returns for:	3 months to 28.2.15	6 months to 28.2.15
SAP	-0.5%	-11.0%

In the attached table below we provide a further brief update on each remaining investment, particularly in relation to the status of the process to realise assets.

We look forward to providing a further update as asset sales occur and proceeds are available for repayment.

Regards

Select Investment Partners

SAP REMAINING INVESTMENTS – MARCH 2015

Asset	Asset/Fund description	% of rem SAP assets	Process for exit/sale	Additional Comments
Macquarie Pastoral Fund	Australian agricultural beef/sheep land/operations	20	Redemption at NAV 2-3 months after May 2015 Future Strategy Meeting or secondary sale prior	Valuation uplift expected on redemption.
Energy Infrastructure Trust (manager ICG)	Australian direct energy infrastructure	25	Sell into new capital raising for restructured fund during 2015 or secondary sale	Carrying at 5% discount to NAV. Currently investigating secondary market interest.
Quadrant 2 (held with Crescent 3 as SPEF)	Australian private equity - 2 remaining assets - SA hotels & ASX listed ISD	7	Fund termination (late 2015) or secondary sale prior	ISD holding held at 10% discount to ASX market price - escrowed to Sept 15. Returning cash as assets sold.
Crescent 3 (held with Quadrant 2 as SPEF)	Australian private equity - 3 remaining assets - Steel Line, Ground Probe, MPP (ASX listed)	8	Fund termination (2016) or secondary sale prior	Recent proposed listing of Steel Line postponed. MPP escrowed until September 2015. Ground Probe likely exit in 2016. Returning cash as assets sold.
Gottex Horizon	Global Fund of Hedge Fund in wind-down	0	Completion of remaining wind-down or secondary sale	Has returned 97% of assets. Minimal position.
One Asia Resources	Pre IPO gold company - owns 33% of Pani & 100% of Awak Mas projects in Indonesia	7	IPO or some form of listing likely in 2015 or direct sale at independent valuation prior	Valuation cut from 75 to 30 cents late 2014 on Pani licence uncertainty. Recent deal with Provident Group has diluted One Asia's Pani ownership but helped clarified future.
Lion Selection Group (ASX Code LSX)	ASX listed resources Listed Investment Company	12	On market sale when liquidity improves	Trading at 40% discount to NAV– largest asset One Asia Resources. On-market liquidity expected to improve in coming months.
Phaunos Timber Fund (LSE Code PTF) Manager - Stafford Timberland	London stock exchange listed global timber fund	12	On market sale as liquidity is available	Trading at 40% plus discount to NAV. 2014 change in manager & restructuring of fund. April 2014 results may help clarify status and improve liquidity.