

18 July 2014

To Investors of the Select Alternatives Portfolio

ARSN 104 903 684

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RE: Introducing a world-class liquid multi strategy alternatives portfolio

We have been reviewing the Select Alternatives Portfolio (**SAP**) to offer a more liquid, lower fee alternative investment with enhanced and expanded investment capability.

We want to provide investors with a world-class diversified alternative portfolio solution that aims for lower correlations to both equity and bond markets, as well as targeting consistent and strong absolute returns.

Introducing the Neuberger Berman Absolute Return Multi Strategy Trust (ARMS Trust)

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As many of you would be aware, Neuberger Berman Australia Pty Ltd (**Neuberger Berman Australia**) has been advising Select Investment Partners Limited (**SAP's** investment manager) on **SAP**, including a significant and growing component managed by Neuberger Berman that provides an element of exposure to its absolute return multi strategy (**ARMS**) investment strategy via a liquid, performance fee free and daily priced multi strategy alternatives fund.

We felt that going forward, full exposure to Neuberger Berman's **ARMS** investment strategy would be a superior investment offering.

To achieve this, we have terminated **SAP** and established the **ARMS Trust**, a new trust entirely focused on accessing the investment expertise of Neuberger Berman and its **ARMS** investment strategy. The **ARMS Trust** gives you cost effective access to the same Neuberger Berman expertise, but with the added advantage of daily (not weekly) processing. Select Fund Services is still the responsible entity, but we have negotiated for Neuberger Berman Australia to be the investment manager. In respect of the **ARMS Trust**, Select Investment Partners will no longer be involved, however Select Investment Partners will be directly involved in winding down and liquidating the remaining assets held by **SAP**. We will provide you regular updates on this process prior to the switch and again in November 2014.

As **SAP** is now winding up, we are proposing to switch you into the **ARMS Trust**, which means you will have access to Neuberger Berman's investment expertise and a diversified alternatives portfolio solution.

If this proposal works for you, you don't need to do anything: we will look after all the paperwork and keep you informed.

If you prefer instead to receive cash, or a combination of cash and some **ARMS** units, use the attached Opt-Out Form. Please return the completed form to us by 5pm on 22 August 2014.

Click on the link below to read the Product Disclosure Statement outlining full details of the **ARMS Trust**. You should read it when deciding what's best for you. www.selectfunds.com.au/ARMS PDS.

The key benefits?

As a result of the transition to the ARMS Trust, investors will now hold a multi strategy, multi manager portfolio of actively managed alternative investments with the following benefits: -

1. Daily pricing, instead of the current weekly/monthly pricing;
2. No performance fees at any level and lower overall management fees;
3. Exposure to one of the world's leading alternative asset managers with a 75 year track record of managing assets and a suite of underlying managers that are generally not accessible to Australian retail clients.

How has the ARMS approach performed to date?

The ARMS investment strategy, in accordance with which the ARMS Trust invests, was first launched in the United States in May 2012 and then in Europe in October 2013, and whilst the performance data is short term, the ARMS strategy has delivered for its investors.

	ARMS ¹
Inception performance per annum	8.36%
Beta to S&P500 since inception	0.26
Funds Under Management in Strategy	US\$1,479.3m

What does this mean for you?

To ensure a smooth and cost free transition we will automatically switch you into the ARMS Trust from SAP, unless you instruct us otherwise. If you would like to receive cash, or a combination of cash and some ARMS Trust units, please complete the attached form and send it to us by 5pm on 22 August 2014.

More information?

Attached to this communication is a 'Frequently Asked Question' flyer, which seeks to provide more detailed information about Neuberger Berman, as well as answering other key questions and providing a short summary should you need to communicate with others.

Invitation to a teleconference

On 30 and 31 July we will be holding teleconferences that will go through how the transition will work and for you to meet key members of the Neuberger Berman investment team.

Wednesday 30th July 2014 at 6pm (EST) and;

Thursday 31st July 2014 at 11am (EST)

Details of these calls will follow. Please email info@selectfunds.com.au if you would like to attend.

We are pleased to be able to offer the increased and extended expertise of Neuberger Berman, along with the improved fees and liquidity of the ARMS Trust. We would like to thank you for your ongoing support of our work in diversified alternatives investments, work which we believe Neuberger Berman will continue and enhance upon with their significant global expertise.

Yours faithfully,

Select Asset Management Limited (Select Fund Services)

¹ ARMS Composite data as at 31 May 2014. Inception date is 31 May 2012. Performance is annualised and gross of fees. Past performance is not indicative of future returns.

This communication does not take into account any particular person's objectives, financial situation or needs. Investors should seek professional advice before making investment decisions. Select Asset Management Limited ABN 94 101 103 011 and AFSL No. 223271 is the issuer of interests in the Select Alternatives Portfolio and the Neuberger Berman Absolute Return Multi Strategy Trust.

Frequently Asked Questions

At a glance

A Product Disclosure Statement (PDS) for the ARMS Trust is attached and is also available free from our website www.selectfunds.com.au/fs.

Your investment will be automatically switched to an investment in the ARMS Trust unless you instruct us otherwise.

1. This switch gives you continuing access to the investment expertise of Neuberger Berman.
2. There are no costs to switch.
3. Switching means lower ongoing total management costs for you the investor. The management costs for the ARMS Trust is 1.05% per annum, with a lower Indirect Cost Ratio than previously charged by the Select Alternatives Portfolio (SAP).
4. Switching also means applications and redemptions will now be available daily rather than weekly. Your investment will be more liquid.
5. Select Investment Partners will continue to liquidate the remaining assets in SAP. We will contact you to provide an update prior to the switch and again in November 2014.
6. If you prefer to receive cash, or a combination of cash and ARMS Trust units, please use the attached Opt-Out Form.
 - This form needs to be received by Select Fund Services by 5pm on 22 August 2014.
 - Please note that even if you miss this deadline Select Fund Services will still process your instructions from when we receive your Form.
 - You can also always withdraw any ARMS Trust units you have been issued at any time with the daily redemption facility.

What are the key points for me or for my clients

ARMS is a liquid, multi-strategy solution, providing access to alternative investment strategies managed by high quality third-party alternative investment managers, sourced, selected and appointed by Neuberger Berman via managed accounts, and is designed to provide absolute returns.

The alternative investment managers underlying ARMS invest in a broad range of investments, diversified across sectors and geographies. A rigorous evaluation process is applied to manager selection, which must be supported by investment research, due diligence and in-depth operational due diligence.

ARMS seeks capital appreciation with an emphasis on absolute returns from a diversified portfolio of investment strategies.

There is no guarantee that the performance objectives will be achieved.

What is the timing?

Most SAP investments will be available on the initial switch date, although for other investments it will take more time to liquidate these. We will give more details on the scheduled conference calls.

This means that most of what we need to do will be finished during August 2014. Because some investments of SAP may take more time to realise, the rest of your ARMS Trust units (or cash if you choose) will follow as soon as is practicable. We will further update you in November.

Key dates

18 July 2014	SAP terminates
30/31 July 2014	Conference call to hear more about ARMS
22 August 2014	Deadline for us to receive your opt out forms
5 September 2014	Initial switch date and confirmation of amounts
Mid November 2014	SAP portfolio update

Who is Neuberger Berman?

Neuberger Berman is a 75 year old private, independent, employee-controlled investment manager. The firm manages equities, fixed income, private equity and hedge fund portfolios for global institutions, advisors and individuals. With 30 offices worldwide, Neuberger Berman's team is approximately 2,000 professionals and was named as one of Pensions & Investments 2013 Best Place to Work in Money Management. Tenured, stable and long-term in focus, the firm fosters an investment culture of fundamental research and independent thinking.

Prior to appointing Neuberger Berman in 2013, Select Fund Services undertook a thorough search of the market to locate a partner that could provide liquid, transparent, lower cost access to alternative investments. Neuberger Berman was identified as the ideal partner, and as result Neuberger Berman Australia was originally appointed as sub-advisor to Select Investment Partners for SAP.

Select Fund Services considered the following key factors in deciding upon the conversion to the ARMS Trust:

- Global investment management reach – Neuberger Berman has 30 offices worldwide. The Senior Portfolio Managers responsible for ARMS are based in New York, London and Los Angeles allowing them easy and frequent access to the world best alternative managers across numerous time zones.
- Solid investment track record - Neuberger Berman was founded in 1939 and, at 31 March 2014, had assets under management of \$247 billion, including \$29 billion in Alternative assets. The ARMS strategy is led by an experienced portfolio management team managing hedge fund solutions since 2002
- High quality hedge fund strategies – the ARMS Trust offers you access to a diversified mix of “real” hedge fund strategies, not “lite” versions common in some alternative funds, and dynamically allocates across various hedge fund strategies via managed accounts
- Best practice global regulation framework – Neuberger Berman companies are regulated in Australia, the United States, the United Kingdom, Ireland and Hong Kong. They have a large hedge fund solutions team that has conducted over 4,000 hedge funds meetings globally (since 2006), separate firm-wide risk management and operational due diligence teams and an unparalleled operational build including independent administration, custody and reconciliation
- Liquidity – Unlike traditional Hedge Fund investing, the ARMS Trust offers daily liquidity and improved portfolio transparency (down to the stock level).
- No performance fees – neither Neuberger Berman nor its appointed managed account advisors charge performance fees in respect of the ARMS strategy.

For more on Neuberger Berman Australia go to <http://www.nb.com/australia>

[Neuberger Berman Overview flyer](#)

What are Liquid Alternatives?

Liquid alternatives are best explained by breaking the name into its two parts:

Liquid: Providing investors with the ability to buy and sell the fund on a daily basis

Alternative: An investment that provides a source of return differentiated from traditional, long-only equity and bond market exposure.

What does ARMS invest in?

ARMS seeks absolute returns through an active allocation to a diversified, select group of established hedge fund managers. ARMS gives investors access to select managers with long histories of managing active hedge fund strategies typically unavailable to most investors.

[ARMS Overview flyer](#)

What will be the new fees compared to now?

The fees are outlined in the PDS. The ARMS Trust will charge management costs of 1.05% per annum and zero performance fee.

Does ARMS have a rating from a research house?

ARMS itself does not yet have a rating but is currently being reviewed by Australian research houses.

What are the advantages of ARMS versus SAP?

Liquidity – the ARMS Trust has daily liquidity.

Lower fees – the ARMS Trust will charge management costs of 1.05% per annum and zero performance fee.

Transparency – Neuberger Berman has complete control and transparency of the underlying assets. They will tell you exact underlying stock holdings.

Global reach – Neuberger Berman has global reach and 75 year track record of managing assets.

What else do you need to know?

As when any fund closes, there are some costs SAP must pay. For peace of mind, we will send direct investors the final accounts of the Select Alternatives Portfolio when everything is done.

These costs will be exactly the same for those who choose to be issued ARMS Trust units, and for those who choose to take some or all of their units in cash now.

The tax consequences of SAP being terminated will be different for each investor depending on their own circumstances. We will send direct investors the information they will need to prepare their tax return.

By agreeing to be issued ARMS Trust units (that is, by not opting out) you are telling us that:

- You consent to your account details in SAP being used by the Responsible Entity and administrator to process an application into the ARMS Trust register;
- you have read and understood the ARMS Trust PDS;
- any further monies you may invest into the ARMS Trust are not associated with crime, terrorism, money laundering or terrorism financing;
nor will monies paid to you from the ARMS Trust be used with any such association
- you are not bankrupt or a minor;
- you agree to be bound by the ARMS Trust constitution and the PDS; and
as supplemented, replaced or re-issued from time to time – the constitution is available free from us any time
- You are not any kind of US Person, a US Citizen or other US Controlled entity or person for the purposes of the United States Foreign Account Compliance Act (FACTA).
For more information please contact an immigration or legal professional

Investing through a platform?

Your platform administrator will tell us what it wants done, receiving ARMS Trust units or cash or a mix, and you will not need to fill in any forms. The platform will keep you informed. Please speak to them if you have any queries.

Select Fund Services

Attention: Select Alternatives Portfolio – opt out

Level 10, 2 Bulletin Place

Sydney NSW 2000

email info@selectfunds.com.au

fax 02 8252 2201

ARMS - Opt-Out Form

1. Happy with ARMS?

As the Select Alternates Portfolio now winds up, we are proposing to issue you units in the Neuberger Berman Absolute Return Multi Strategy Trust ARSN 169 679 832 (“ARMS Trust”), which means you can still have access to Neuberger Berman’s investment expertise.

If this proposal works for you, you do not need to fill out this Form.

2. Opting out

If instead you prefer to receive cash, or cash and some ARMS Trust units, fill in the rest of this Form and return it to us by 5pm on 22 August 2014

if you miss this deadline, no need to panic: we can still process your instructions from when we receive your Form, and you can always withdraw any ARMS Trust units you have been issued any time.

Cash only

I’d prefer not to receive any units in the ARMS Trust. Instead, please pay, to my nominated account, the net cash proceeds due to me from the Select Alternatives Portfolio.

OR

Cash + ARMS Trust units combination

I’d be happy to receive some units in the ARMS Trust, but I’d also like some cash paid to my nominated account. Please split my net proceeds as follows:

Cash	%
ARMS units	%
Total	100%

I appreciate that my units will probably arrive first.

3. Confirm your details for us please

Account name		
Account number		
Sign here	Sign	Your name
Sign here	Sign	Your name