

Vantage Private Equity Growth 2

Quarterly Investor Report — Quarter Ending 30 June 2015



Special points of interest:

- VPEG2 Commits \$5m to Mercury Capital Fund 2 managed by Sydney based Mercury Capital.
- Allegro II completes acquisition of Great Southern Rail, which includes The Ghan, The Indian Pacific and The Overland in Australia, from UK listed Serco.
- At 30 June 2015, VPEG2 ultimately held interests in four underlying private equity company investments.

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SUMMARY

Background

Vantage Private Equity Growth 2 (VPEG2) is a multi manager Private Equity investment fund structured as twin Australian unit trusts (VPEG2A & VPEG2B). VPEG2 is focused on investing in professionally managed Private Equity funds that invest in businesses that are at a more mature stage of development, and in particular the Later Expansion and Buyout stages of Private Equity investment.

The Fund's investment objective for its Investment Portfolio is to achieve attractive medium to long-term returns on Private Equity investments while keeping the volatility of the overall investment portfolio low. This is achieved by investing across a highly diversified portfolio of Private Equity assets with diversification obtained by allocating across manager, geographic region, financing stage, industry sector and vintage year.

VPEG2 will invest the majority of its Investment Portfolio into Australian based Private Equity funds who in turn are focused on investing into small to mid market sized companies headquartered in Australia and New Zealand, with enterprise value at initial investment of between \$20m and \$500m.

VPEG2's private equity investment portfolio will be developed over time and will ultimately make investment commitments into between six to eight private equity funds, including new (or Primary) private equity funds being established as well as into existing (or Secondary) private equity funds.

To date VPEG2 has made commitments of \$16.5m across three Primary private equity funds who in turn hold interests in four underlying companies. As at 30 June 2015, VPEG2's investment commitments include; \$6m to Allegro Fund II, \$5.5m to Next Capital Fund III and \$5m to Mercury Capital Fund 2.

Important Information

This report has been prepared by Vantage Asset Management Pty Limited (ABN 50 109 671 123) AFSL 279186 (VAM) (in its capacity as Investment Manager and Trustee of Vantage Private Equity Growth (Trusts 2A & 2B)). It has been prepared without taking into account the objectives, financial situation or needs of any investor, which should be considered before investing. Investors should seek their own advice about an appropriate investment or investment strategy. It should not be relied upon as personal advice nor is it an offer of any financial product. All \$ referred to in this report are Australian dollars

Performance

The period 1 April 2015 to 30 June 2015 saw the continued growth in both VPEG2's portfolio of private equity commitments and underlying investments.

During the period, an acquisition of Great Southern Rail (announced last quarter) was added to VPEG2's underlying private equity portfolio. An increase in the number of investments is set to continue with fund managers actively considering a number of opportunities.

The first table to the right provides a summary of the performance of VPEG2A's portfolio during the June 2015 quarter. As demonstrated VPEG2A's Net Asset Value (NAV) dropped slightly from \$0.069 per partly paid unit at the commencement of the quarter to \$0.064 per partly unit by 30 June 2015.

The slight decrease in NAV resulted from the costs incurred by both VPEG2A and its underlying fund investments being slightly higher than the interest earned on the cash and fixed interest investments of VPEG2A across the quarter.

The second table to the right provides a summary of the performance of VPEG2B's portfolio during the June 2015 quarter.

As demonstrated VPEG2B's Net Asset Value (NAV) decreased slightly, during the quarter from \$0.985 to \$0.977 per unit as the management, custody, administration and other underlying fund costs incurred by VPEG2B slightly exceeded the interest earned on VPEG2B's cash and fixed interest investments during the quarter.

There have been no changes in the valuations of any of the underlying companies within the portfolio to date. This is in accordance with the industry standard AVCAL investment guidelines for the valuation of private equity portfolio companies, which requires companies to be held at their initial investment value for a minimum of 12 months from the date of acquisition.

Month Ending	VPEG2A Paid Capital / Partly Paid Unit (\$)	VPEG2A NAV / Partly Paid Unit (\$)
30-Jun-15	0.10	0.064
31-May-15	0.10	0.069
30-Apr-15	0.10	0.070
31-Mar-15	0.10	0.069

Month Ending	VPEG2B NAV / Fully Paid Unit (\$)
30-Jun-15	0.977
31-May-15	0.0985
30-Apr-15	0.098
31-Mar-15	0.985

Key Portfolio Developments

During the June 2015 quarter, VPEG2 continued to grow its underlying private equity portfolio.

The most significant development during the June quarter was the \$5m commitment VPEG2 made to Mercury Capital Fund 2 (Mercury 2). Mercury 2 managed by Sydney based Mercury Capital, focuses and on investing in established Australian and New Zealand private businesses, with enterprise values of between \$50 million to \$200 million. Further details about Mercury 2 follow on page 3 of this report.

Draw downs during the quarter from VPEG2, totaling **\$759,062** were called by Mercury 2 and Allegro Fund II. The majority of the capital called during the period was for VPEG2's share of **Allegro II's** acquisition of **Great Southern Rail** as well as VPEG's share of the Allegro II, **Custom Bus** acquisition, which was completed in late 2014. These investments were subsequently added to VPEG2's underlying private equity portfolio during the June quarter.

On 29th May 2015, **Allegro II** completed the acquisition of Great Southern Rail (GSR) from UK listed Serco, as had been announced VPEG2's March 2015 quarter report. No further underlying company investment acquisitions were announced or completed during the June 2015 quarter.

The total number of underlying private equity companies within VPEG2's portfolio as at 30 June 2015 was four.

"A new \$5m investment commitment to Mercury Capital Fund 2 was completed by VPEG2 during June 2015."

OVERVIEW OF NEW INVESTMENT FUND MANAGER

Mercury Capital Fund 2

In June 2015, VPEG 2 committed a total of \$5m to Mercury Capital Fund 2. This commitment was split as follows; \$3.8m by VPEG2A and \$1.2m by VPEG2B.

The \$300m, Mercury Capital Fund 2 is managed by Sydney based Mercury Capital (www.mercurycapital.com.au) an independently owned, Australian private equity fund manager investing primarily into small to mid-market sized businesses within Australia and New Zealand.

Mercury's core focus is investing in established businesses with market leading positions. Mercury seeks to add value through developing and executing a strategic plan to generate growth. Mercury's approach is to work closely in partnership with existing owners and managers to enable a business to realise its full growth potential.

Mercury Capital's strength is their knowledge. The Investment Manager and Board has significant experience from a number of highly successful private equity investments in Australia, New Zealand and the US. The teams diverse expertise also includes successfully starting, growing and selling significant businesses, and from operating at senior board and management positions in companies throughout Australia and New Zealand.

Mercury Capital anticipates the first investment for Mercury Capital Fund 2 will be completed during the 2nd half of 2015.



PORTFOLIO STRUCTURE

VPEG2's Portfolio Structure – 30 June 2015

The tables and charts below provide information on the breakdown of VPEG2's investments as at 30 June 2015.

Current Investment Portfolio Allocation*

The following tables provide the percentage split of the current investment portfolio of each of VPEG2A and VPEG2B, across cash, fixed interest securities (term deposits) and Private Equity.

The Private Equity component of each portfolio is further broken down by the investment stage (Later Expansion or Buyout) of the underlying investments that currently make up each trust's Private Equity portfolio.

VPEG2A			
Cash	Fixed Interest	Private Equity	
1.5%	53.4%	Later Expansion	6.0%
		Buyout	39.1%

Note: As VPEG2A is currently holding more than 50% of paid capital from unit holders in cash and fixed interest investments, it is anticipated that sufficient funds remain in VPEG2A to meet the short term obligations of the trust and its underlying fund commitments and as such it is anticipated that no additional capital calls will be made on VPEG2A unit holders until during the September 2015 quarter.

VPEG2B			
Cash	Fixed Interest	Private Equity	
0.5%	94.9%	Later Expansion	0.4%
		Buyout	4.2%

As at 30 June 2015, VPEG2 had completed three underlying private equity fund commitments and ultimately held interests in four underlying company investments.

PORTFOLIO STRUCTURE – continued

Private Equity Portfolio

VPEG2, with commitments to three Private Equity funds, ultimately held interests in four underlying company investments at quarter end. As a result, VPEG2's Private Equity portfolio and commitments, as at 30 June 2015, were as follows:

Private Equity Fund Name	Fund Size	Vintage Year	Investment Focus	VPEG Commitment		Capital Drawn Down		Total No. of Investee Companies	No. of Exits
				VPEG2A	VPEG2B	VPEG2A	VPEG2B		
Next Capital Fund III	\$300m*	2014	Small to Mid Market Expansion / Buyout	\$3.5m	\$2.0m	\$0.44m	\$0.25m	2	0
Allegro Fund II	\$180m	2014	Small to Mid Market Expansion / Buyout	\$4.0m	\$2.0m	\$0.41m	\$0.2m	2	0
Mercury Capital Fund 2	\$300m	2015	Small to Mid Market Expansion / Buyout	\$3.8m	\$1.2m	\$0.114m	\$0.036m	0	0
Total				\$11.3m	\$5.2m	\$0.958m	\$0.489m	4	0

* Target Fund Size

Summary of VPEG2's Underlying Private Equity Investments

The table below provides an overview of the spread of underlying private equity investments in VPEG2's portfolio, for which funds had been drawn from VPEG2 (on a pro rata basis across both trusts A & B), as at 30 June 2015.

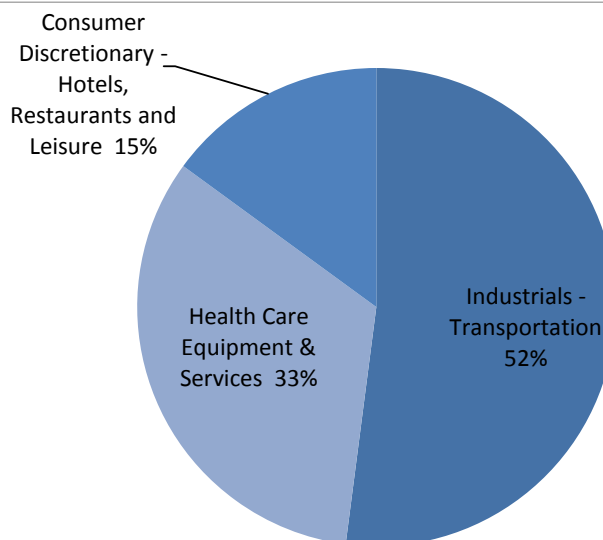
Rank	Investment	Fund	Description	% of VPEG2's Private Equity Investments	Cumulative %
1	Infinite Aged Care	Next Capital III	Aged Care Operator and Developer	33.0%	33.0%
2	Custom Bus	Allegro Fund II	Bus Manufacturer	29.3%	62.3%
3	Forest Coach Lines	Next Capital III	Urban Bus Fleet Owner and Operator	22.8%	85.0%
4	Great Southern Rail	Allegro Fund II	Luxury tourism provider	15.0%	100.0%

PORTFOLIO STRUCTURE — continued

Industry Spread of VPEG2's Underlying Investments

With two additions to VPEG2's underlying private equity portfolio during the June 2015 quarter, VPEG2's industry exposure to the "Health Care" industry sector has reduced from 51% to 33%. Accordingly, industry exposure to "Consumer Discretionary—Hotels, Restaurants and Leisure" and "Industrials—Transportation" has increased by 15% and 3% respectively.

Industrials — Transportation is VPEG2's largest industry exposure, representing 52% of the value of VPEG2's total Private Equity portfolio as at 30 June 2015.



CONTACT DETAILS

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