

Vantage Private Equity Growth 2

Quarterly Investor Report — Quarter Ended 31 March 2017



Special points of interest:

- VPEG2 Commits \$7.5m to Odyssey Private Equity Fund 8, managed by Sydney, Australia based, Odyssey Private Equity.
- Five new underlying company investments added to VPEG2's portfolio during the quarter.
- VPEG2 receives additional distributions from Allegro II from the exit of Great Southern Rail and from CHAMP IV as a return of capital from underlying investee, Pepperstone Group.

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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.

VPEG2 has made \$50.1m¹ of commitments across eight Private Equity funds who in turn hold interests in 20 underlying company investments. As at 31 March 2017, VPEG2's investment commitments include; \$10m to Adamantem Capital Fund 1; \$8m to each of CHAMP IV and Next Capital Fund III, \$7.5m to Odyssey Private Equity Fund 8; \$6m to Allegro Fund II, \$5m to Mercury Capital Fund 2, NZ\$4m to Waterman Fund 3 and NZ\$2m to Pencarrow Bridge Fund.

Note 1. Assumes an average AUD / NZ exchange rate 1.07 for VPEG2's investment commitments to Waterman Fund 3 & the Pencarrow Bridge Fund.

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 January 2017 to 31 March 2017 saw continued growth in VPEG2's portfolio of Private Equity investments.

During the period, five new Private Equity investments were added to VPEG2's Private Equity portfolio. The number of investments added is set to continue with fund managers actively considering several investment opportunities.

No exits were announced or completed during the quarter.

During the March quarter, seven capital calls were made on VPEG2, by underlying funds with the majority of these calls required to fund the acquisition of new underlying private equity company investments. Three calls were also required to fund follow-on investments into existing underlying private equity companies as well as to fund additional working capital requirements of underlying funds.

The first table to the right provides a summary of the performance of VPEG2A's portfolio during the March 2017 quarter. As demonstrated, VPEG2A's Net Asset Value (NAV) increased from \$0.36 per partly paid unit at the commencement of the quarter to \$0.365 per partly paid unit by 31 March 2017. The increase in VPEG2A's NAV during the quarter resulted from the earnings of underlying portfolio companies and from VPEG2A's cash and fixed interest investments exceeding VPEG2A's underlying fund costs during the period.

The second table to the right provides a summary of the performance of VPEG2B's NAV per unit during the March 2017 quarter.

As demonstrated, VPEG2B's NAV increased during the quarter from \$1.008 to \$1.018 per unit, primarily due to the earnings of underlying portfolio companies and VPEG2B's cash and fixed interest investments exceeding VPEG2B's underlying fund costs during the period.

Month Ending	VPEG2A Paid Capital / Partly Paid Unit (\$)	VPEG2A NAV / Partly Paid Unit (\$)
31-Mar-17	0.41	0.365
28-Feb-17	0.41	0.358
31-Jan-17	0.41	0.359
31-Dec-16	0.41	0.360

Month Ending	VPEG2B NAV / Fully Paid Unit (\$)
31-Mar-17	1.018
28-Feb-17	1.006
31-Jan-17	1.007
31-Dec-16	1.008

Key Portfolio Developments

During the March 2017 quarter, VPEG2 completed one new investment commitment and a further five new underlying company investments were added to its investment portfolio.

During March 2017, VPEG2 committed \$7.5m to Odyssey Private Equity Fund 8, managed by Sydney, Australia based, private equity mid-market specialist, Odyssey Private Equity.

VPEG2 also continued to grow its underlying Private Equity portfolio, during the quarter, with five new investments and two follow-on investments completed.

Draw downs during the quarter from VPEG2, totaling **\$3,884,133** were made to **Allegro Fund II** ('Allegro II'), **CHAMP IV**, **Next Capital III** ('Next III') and the **Pencarrow Bridge Fund** ('Pencarrow').

The majority of these draw downs were used to fund VPEG2's share of five new underlying company acquisitions as well as two follow-on investments all completed during the quarter. Further funds were called from VPEG2 to fund investments that had been completed by underlying funds in the previous quarter.

Draw downs during the quarter were utilised to fund **CHAMP IV**'s investment in **Dutton Garage** and **Containerchain** (announced December 2016 quarter), **Pencarrow's** investment in **Mix**, **Next III's** investment in **Healthy Life Group**, **Next III's** acquisition of **Alpha Group** and **Allegro II's** acquisition of **Pizza Hut**, **JSW Australia** (announced in previous quarters) and **Healthy Life Group**. The remaining draw downs funded **Allegro II's** follow-on investment in **Custom Bus**, **Next III's** follow-on investment in **Forest Coach Lines** and VPEG2's share of March quarter working capital expenditure (i.e. underlying fund costs and management fees).

"During the March 2017 quarter, VPEG2 received distributions totaling \$1,260,733 from Allegro II from further proceeds of the Great Southern Rail exit and from CHAMP IV, from investee Pepperstone Group."

Key Portfolio Developments (Continued)

Also during the quarter, VPEG2 received distributions totaling **\$1,260,733**. A portion of the distributions received were VPEG2's share of the sale proceeds from **Allegro II** following the completion of divestment to co-investors of a portion of its interest in **Experience Australia**. The remaining distributions received consisted of a Return of Capital payment from **CHAMP IV**, following the repayment of loan notes and interest by investee **Pepperstone Group**.

With six investments completed by Allegro II, five by Next III, four by CHAMP IV, two by each of Mercury 2 and Pencarrow Bridge Fund and one by Waterman 3, the total number of underlying Private Equity company investments completed within VPEG2's portfolio as at 31 March 2017 was 20.

OVERVIEW OF NEW INVESTMENT COMMITMENT

Odyssey Private Equity Fund 8



In March 2017, VPEG2 committed \$7.5m to Odyssey Private Equity Fund 8, a \$275m growth capital fund, managed by Sydney, Australia based, Odyssey Private Equity (Odyssey) (odysseype.com.au).

Odyssey was established in early 2017 by Gareth Banks, Jonathan Kelly and Paul Readdy, former CHAMP Ventures directors, as well as George Penklis, a co-founder and former partner of Quadrant Private Equity.

Odyssey's partners bring a wealth of experience, drawn from more than 50 private equity investments completed during their careers.

The partners have successfully invested across a broad range of industry sectors, including consumer products, retail, financial services, industrial products and services, equipment rental, distribution, aged care, manufacturing and building products.

Managing Partner, George Penklis said: "The formation of Odyssey was driven by a number of factors. The timing was right for the team, which has a solid performance track record. The market segment is attractive, with strong deal flow and a history of strong returns for investors."

The fund will invest in leading, mid-sized growth companies in Australia and New Zealand that have the potential to be future leaders in their market segment.

Odyssey is targeting expansion capital, replacement capital and management buy-out opportunities across a broad range of industry sectors in Australia and New Zealand. The fund will invest in both control and minority equity positions.

The fund will typically invest between \$15m and \$40m of equity, in private businesses with enterprise values up to \$100m. Odyssey will also target larger opportunities through co-investment with Odyssey's investors.

OVERVIEW OF NEW INVESTMENTS

Dutton Garage — CHAMP IV



During December 2016, CHAMP IV acquired 50% of Australia's largest wholesaler of prestige used cars, Dutton Group from Morgan Sachs. VPEG2's share of the Dutton Group acquisition was funded during the March 2017 quarter.

The company was first established in 1911 by Albert Octavius Dutton and was acquired in 2000 by business partners and BRW rich-listers George Nakas and Gavin Fernandez.

While the Dutton brand is known for its legacy of auto racing in Australia, Dutton Garage is known for its iconic showroom for best luxury, prestige, exotic and classic cars encompassing modern, sporting and historical classics. The dealership operates in the lucrative niche market of world classic cars which is populated by extremely wealthy collectors who scour the world for unique vehicles.

According to the Australian Financial Review, classic cars have been the No.1 performing luxury asset class over the past decade, with the value of rare and exotic vehicles rising nearly 20 per cent every year for the past 10 years.

OVERVIEW OF NEW INVESTMENTS (Continued)

Strait Shipping — CHAMP IV



On 6 December 2016, CHAMP IV acquired a group of New Zealand transport and shipping companies formally owned by New Zealand's transport industry icon Jim Barker. The companies acquired included Strait Shipping (operator of the Bluebridge Cook Strait Ferry service), Freight Lines (road freight) and freight forwarding business, Streamline. VPEG2's share of the Strait Shipping acquisition was funded during the March 2017 quarter.

Strait Shipping has been moving freight between the North and South Islands of new Zealand since 1992 and diversified into the passenger market with the launch of the Bluebridge service in 2003. The founder Jim Barker established Strait Shipping after realising the need for a second ferry service to transport cattle during the late 1980s. The group is one of two service providers in the region and is accredited in the media with making "the most spectacular difference to New Zealand's shipping industry". Strait Shipping currently operates two ferries, the Straitsman and Strait Feronia.

Freight Lines was subsequently established in 1993 as a result of the market research conducted by Jim and Bev Barker whereby they identified the potential increase in demand in line haul, bulk and general freight. Freight Lines is a diversified logistic service provider providing clients with a complete end-to-end service and currently operates a fleet of 300 units that include company owned vehicles, owner drivers and sub-contractors.

Streamline Freight was founded in February 1989 and has consolidated its position to become a niche freight forwarder, specialising in the transportation of general goods, consumable and fragile products on behalf of its large customer base of commercial and industrial clients, operating a Nationwide Distribution System from Auckland throughout both islands.



Healthy Life — Allegro Fund II



During February 2017, Allegro II acquired a controlling interest in Healthy Life, Australia's leading health food retailer.

Established in 1968, Healthy Life has over 60 stores nationally that provide consumers with a comprehensive range of natural health products including organic & whole foods, superfoods, allergy-free foods, drinks & herbal teas, supplements, sports nutrition, natural hair & skin care.

The company prides itself on its dedicated focus to providing quality health food products and trusted advice, helping thousands of customers achieve and maintain optimum health and wellbeing.

The health food industry globally is experiencing a trend towards its products as consumers are becoming increasingly health conscious particularly in Australia with an ageing population and rising chronic illnesses such as diabetes and obesity. Consumer focus is shifting towards the roll diet plays in health from managing health concerns to promoting health and wellbeing or reducing the risk of disease.

Generally, the appeal of health foods and natural products is multi-generational and most are willing to pay more for those that are GMO-free, have no artificial colouring / flavours and are deemed all natural. Other more recent trends include the reduction of the consumption of sugar, a move towards organic foods and away from products with harmful chemicals have emerged from fears about the safety of food and personal products.

OVERVIEW OF NEW INVESTMENTS (Continued)



Mix — Pencarrow Bridge Fund

During March 2017, Pencarrow Bridge Fund invested in MIX, an Auckland, New Zealand headquartered, manufacturer and distributor of haircare and natural skincare brands through grocery and pharmacy channels in New Zealand, Australia and South East Asia.

The MIX family of brands are unique in both proposition and formulation each representing a synergy of nature and science. Many brands in the MIX portfolio demonstrate consistent, leading brand performance:

- **Primal Earth** is the Number One selling, New Zealand made, men's skincare brand (FMCG)
- **Dominante** is the Number One selling men's styling in New Zealand (Aztec on Web, 13 weeks 10/07/2016) and Number Two men's styling in Australia (Aztec and Nielsen on Web, 12/07/2016).
- **Shock Waves** is regularly the top selling Hair Gel in New Zealand (supermarket) and Australia.
- **Essano** is the fastest growing skincare brand in Countdown supermarkets (first quarter, FMCG)



Alpha Group — Next Capital III



On 13th April 2017, VPEG2 investee Next Capital III acquired a controlling interest in Alpha Group of Companies ('Alpha'). Alpha Group was founded by CEO Joe Gubecka in 2006, as a car hire business and is today the leading provider of predominantly second hand car leases to individuals, whilst also operating synergistic car hire and car parking businesses. The Group's head office is in Brisbane and operates from over eight locations across Queensland, New South Wales, Victoria and South Australia providing its collective services to more than 150,000 customers every year.

Alpha's three divisions include:

- Alpha Car Finance ("ACF") provides vehicle finance and leasing solutions to private and business customers. Alpha Car Finance specifically assists customers that have marks on their credit rating, are new to the country, self employed (operating for less than 2 years) or on part time wages & benefits, or simply starting again. Alpha Car Finance enables clients the opportunity to own, return or upgrade its quality new vehicles at the end of the agreed term with very low one off upfront entry payment and fixed weekly or fortnightly repayments over an agreed term.
- Alpha Car Hire ("ACH") provides near new quality vehicles for short term rent or hire from 1 day to 30+ days in Brisbane Airport, Brisbane, Gold Coast Airport and Melbourne Airport with affiliates in Sydney, Adelaide & Sunshine Coast markets. An ACH customer is typically value driven and an inbound tourist, though Alpha also operates in the suburban market.
- Alpha Car Parking ("ACP") operates airport car parks near Brisbane Airport, Gold Coast Airport and Melbourne Airport, offering discounted parking prices with a free shuttle service to & from each Airport location. Alpha Airport Parking ensures its customers are given every opportunity to save time and money when travelling whilst parking their vehicle within one of Alpha's secure Airport locations.



PORTFOLIO STRUCTURE

VPEG2's Portfolio Structure – 31 March 2017

The tables and charts below provide information on the breakdown of VPEG2's investments as at 31 March 2017.

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.

"During the March quarter, five new investments were added to VPEG2's portfolio, bringing the total of underlying company investments in the portfolio to twenty as at 31 March 2017."

VPEG2A			
Cash	Fixed Interest	Private Equity	
0.0%	4.8%	Later Expansion	28.5%
		Buyout	66.7%

VPEG2B			
Cash	Fixed Interest	Private Equity	
0.4%	61.7%	Later Expansion	7.6%
		Buyout	30.4%

Private Equity Portfolio

VPEG2, with commitments to eight Private Equity funds, ultimately held interests in 20 underlying company investments at quarter end. The acquisition of Alpha Group is also reflected below as the funding for the acquisition was drawn from VPEG2 in the March quarter prior to settlement which occurred in April 2017. As a result, VPEG2's Private Equity portfolio and commitments, as at 31 March 2017, 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	\$265m	2014	Small to Mid Market Expansion / Buyout	\$6.0m	\$2.0m	\$3.06m	\$1.01m	5	0
Allegro Fund II	\$180m	2014	Small to Mid Market Expansion / Buyout	\$4.0m	\$2.0m	\$1.88m	\$0.94m	6	1
Mercury Capital Fund 2	\$300m	2015	Small to Mid Market Expansion / Buyout	\$3.8m	\$1.2m	\$1.29m	\$0.41m	2	0
CHAMP IV	\$1,000m*	2016	Mid Market Buyout	\$6.0m	\$2.0m	\$2.60m	\$0.87m	4	0
Waterman Fund 3	NZ\$200m	2016	Small to Mid Market Expansion / Buyout	NZ\$3.0m	NZ\$1.0m	\$0.60m	\$0.19m	1	0
Pencarrow Bridge Fund	NZ\$80m	2016	Small to Mid Market Expansion / Buyout	NZ\$1.5m	NZ\$0.5m	\$0.70m	\$0.23m	2	0
Adamantem Capital Fund 1	\$600m*	2017	Mid Market Expansion / Buyout	\$7.6m	\$2.4m	\$0.00m	\$0.00m	0	0
Odyssey Fund 8	\$275m	2017	Mid Market Expansion / Buyout	\$5.7m	\$1.8m	\$0.00m	\$0.00m	0	0
Total (**)				\$37.3m	\$12.75m	\$10.13m	\$3.65m	20	1

* Target Fund Size

** Assumes AUD / NZD exchange rate of 1.07 for VPEG2's investment commitments to Waterman Fund 3 & the Pencarrow Bridge Fund.

PORTFOLIO STRUCTURE — continued

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 31 March 2017.

Rank	Investment	Fund	Description	% of VPEG2's Private Equity Investments	Cumulative %
1	Lynch Group	Next Capital III	Flower and potted plant operator	9.3%	9.3%
2	Infinite Aged Care	Next Capital III	Aged care operator and developer	9.2%	18.5%
3	Carpet Court NZ	Allegro Fund II	Carpet Retailer	9.2%	27.7%
4	Funlab	Allegro Fund II	Developer & Operator of Entertainment & Leisure Venues	8.4%	36.1%
5	Nexus Day Hospitals	Mercury Capital 2	Day hospital owner and operator	7.3%	43.4%
6	Forest Coach Lines	Next Capital III	Urban bus fleet owner and operator	5.6%	49.0%
7	Strait Shipping Ltd	CHAMP IV	New Zealand Logistics Group	5.3%	54.3%
8	My Food Bag	Waterman Fund 3	Home food delivery provider	5.3%	59.6%
9	Dutton Group	CHAMP IV	Used Car Wholesaler of Prestigious Vehicles	5.3%	64.9%
10	Hexagon	Mercury Capital 2	Label manufacturer	4.6%	69.4%

Industry Spread of VPEG2's Underlying Investments

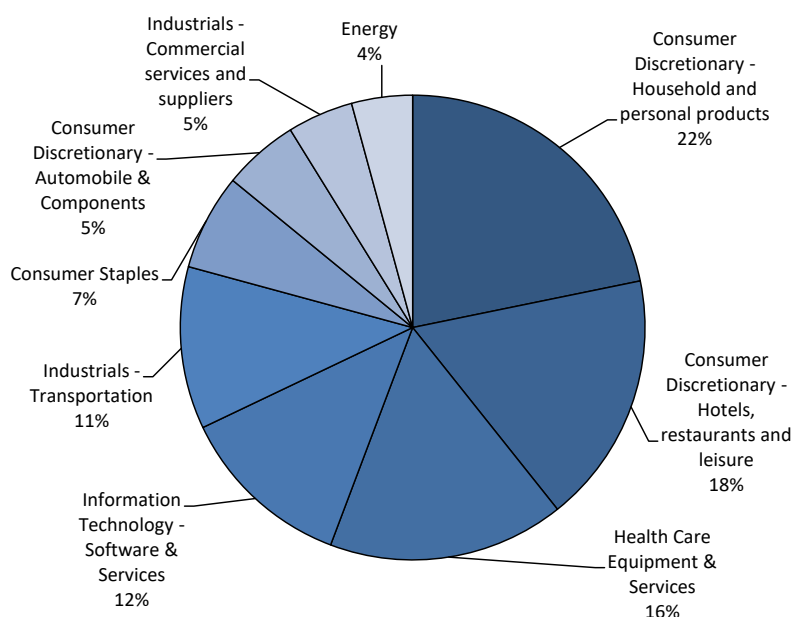
The investment in Mix by VPEG2 investee Pencarrow Bridge Fund increased VPEG2's exposure to "Consumer Discretionary—Household and personal products" sector from 16% to 21%.

The investment in Strait Shipping by VPEG2 investee CHAMP IV increased VPEG2's exposure to the "Industrials—Transportation" sector from 7% to 11%.

The investment in Dutton Group by VPEG2 investee CHAMP IV increased VPEG2's exposure to the "Consumer Discretionary—Automobile & Components" sector from 0% to 5%.

The decrease in the exposure to "Information Technology—Software & Services" from 20% to 12% is the result of the Return of Capital by CHAMP IV investee Pepperstone. In addition, the decrease in the exposure to "Consumer Discretionary—Hotels, restaurants and leisure" from 21% to 18% is the result of the distribution by Allegro II following the divestment to co-investors of a portion of its interest in Experience Australia. All remaining sectors had minor percentage changes to their exposure due to the impact of the aforementioned acquisitions or distributions.

The "Consumer Discretionary—Household and Personal Products" sector represents VPEG2's largest industry exposure at 22% as at 31 March 2017.



CONTACT DETAILS

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