

VANTAGE PRIVATE EQUITY GROWTH 2

—
VPEG2A & VPEG2B
QUARTERLY REPORT
30 JUNE 2019

TABLE OF CONTENTS

1	SUMMARY
2	PERFORMANCE
4	KEY PORTFOLIO DEVELOPMENTS
5	OVERVIEW OF NEW INVESTMENTS
6	OVERVIEW OF RECENTLY ANNOUNCED INVESTMENT
7	PORTFOLIO STRUCTURE
7	PRIVATE EQUITY PORTFOLIO
10	MARKET UPDATE

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.

SPECIAL POINTS OF INTEREST

VPEG2A CONTINUES TO OUTPERFORM ALL MAJOR ASSET CLASSES RECORDING A NET IRR SINCE INCEPTION OF 14.2% P.A AS AT 30 JUNE 2019.

VPEG2B DELIVERS A NET IRR OF 8.2% P.A. SINCE INCEPTION TO 30 JUNE 2019

ODYSSEY FUND 8 ACQUIRES SUSHI SUSHI, AUSTRALIA'S LARGEST JAPANESE FOOD RETAILER AND DELTA AGRIBUSINESS ONE OF AUSTRALIA'S LEADING INDEPENDENT AGRIBUSINESSES

CHAMP IV INVESTS IN MARAND PRECISION ENGINEERING, A SUPPLIER OF PRECISION ENGINEERED SOLUTIONS, AEROSTRUCTURES, TOOLS AND AUTOMATED PRODUCTION SYSTEMS FOR THE AEROSPACE AND DEFENCE INDUSTRIES

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 has made \$51.1m* of commitments across eight Private Equity funds and completed one co-investment. As a result, VPEG2 has invested in 48 underlying company investments, with six exits completed to date.

As at 30 June 2019, VPEG2's investment commitments include; \$10m to Adamantem Capital Fund 1; \$8m to each of CHAMP IV, Next Capital Fund III and Odyssey Private Equity Fund 8; \$6m to Allegro Fund II, \$5m to Mercury Capital Fund 2, NZ\$4m to Waterman Fund 3, NZ\$2m to Pencarrow Bridge Fund and a \$0.5m co-investment Fitzpatrick Financial Group.

* Assumes an average AUD / NZ exchange rate 1.1 for VPEG2's investment commitments to Waterman Fund 3 & the Pencarrow Bridge Fund.

PERFORMANCE

"THREE NEW UNDERLYING PRIVATE EQUITY INVESTMENTS WERE COMPLETED DURING THE QUARTER, BRINGING THE TOTAL OF UNDERLYING COMPANY INVESTMENTS, COMPLETED TO DATE IN VPEG2'S UNDERLYING PORTFOLIO, TO 48."

The period 1 April 2019 to 30 June 2019 saw an extensive amount of activity across VPEG2's portfolio of Private Equity investments.

During the period, three new Private Equity investments were completed, with one additional investment announced at quarter end, further adding to VPEG2's underlying Private Equity portfolio.

Continued strong underlying company performance across the second half of the 2019 financial year, contributed to VPEG2 outperforming all major asset classes since inception to 30 June 2019. Since VPEG2's final close on 31 May 2015 through to 30 June 2019 the fund generated an audited net internal rate of return (IRR) for VPEG2A Unit Holders of 14.2% p.a. and 8.2% p.a. for VPEG2B Unit Holders

In addition, with a further four companies sold from VPEG2's underlying portfolio across the past year, the total number of exits from the portfolio is now six. These six exits have delivered VPEG2 a gross 3.21x return on invested capital across an average hold period of 2.7 years.

With only 58% of VPEG2's underlying portfolio companies having been held long enough to be revalued above their initial cost of investment, it is expected that net returns to investors will continue to improve as the remainder of the portfolio matures and further exits from the portfolio occur across the remainder of 2019 and into 2020.

During the June 2019 quarter, seven capital calls were made on VPEG2 by underlying funds, with the majority of these calls required to fund the acquisitions of new underlying company investments. Additional calls were also required to fund the costs associated with the operations of underlying funds, including management fees and due diligence expenses incurred in reviewing and completing new investments.

VPEG2 also received distributions from two underlying funds during the quarter resulting from the exit of one underlying company investment and the payment of dividends and interest by other underlying company investments held within the Fund's portfolio.

PERFORMANCE_{cont.}

The table to the right provides a summary of the performance of VPEG2A's portfolio during the June 2019 quarter. As demonstrated, VPEG2A's Net Asset Value (NAV) per partly paid unit increased by 7.3% across the quarter from \$1.063 at 31 March 2019 to \$1.141 at 30 June 2019. The increase in NAV across the quarter, resulted partly from an additional \$0.06 call, paid by all investors during April 2019, as well as from an increase in the holding value of underlying investments across the portfolio at quarter end.

As a result, the Paid Capital of VPEG2A Unit Holders as at 30 June 2019, was \$0.985 per partly paid unit.

The second table to the right provides a summary of the performance of VPEG2B's NAV per unit during the June 2019 quarter.

As demonstrated, VPEG2B's NAV per unit increased slightly across the quarter from \$1.190 at 31 March 2019 to \$1.201 at 30 June 2019 resulting from an increase in the holding value of underlying investments across the period.

Month Ending	VPEG2A Paid Capital / Partly Paid Unit (\$)	VPEG2A NAV / Partly Paid Unit (\$)
30-Jun-19	0.985	1.141
31-May-19	0.985	1.114
30-Apr-19	0.985	1.115
31-Mar-19	0.925	1.063

Month Ending	VPEG2B NAV / Fully Paid Unit (\$)
30-Jun-19	1.201
31-May-19	1.180
30-Apr-19	1.180
31-Mar-19	1.190

KEY PORTFOLIO DEVELOPMENTS

During the June 2019 quarter, continued activity across VPEG2's underlying Private Equity portfolio resulted in the addition of three new underlying company investments to the portfolio with one further investment announced at quarter end.

Draw-downs during the quarter from VPEG2, totaling \$3,671,062 were paid to Allegro Fund II (Allegro II), Adamantem Capital Fund 1 (Adamantem 1), CHAMP IV, Next Capital Fund III (NEXT III), Odyssey Private Equity Fund 8 (Odyssey 8) and the Pencarrow Bridge Fund. The majority of these draw-downs were used to fund new and/or follow on investments completed during the quarter across the portfolio. Additionally, further draw-downs were made for working capital requirements and management fees of these underlying funds.

During April 2019, Odyssey Private Equity Fund 8 completed the acquisition of Sushi Sushi, a vertically-integrated food business that supplies sushi and other Japanese-inspired healthy convenience foods through more than 140 company owned and franchised stores across Australia.

Also during April 2019, Odyssey Private Equity Fund 8 invested in Delta Agribusiness a leading provider of independent rural services and the retail of agricultural inputs.

In June 2019, CHAMP IV completed an investment into Marand Precision Engineering ("Marand"), a supplier of precision engineered solutions with key capabilities in the design and fabrication of aerostructures, tools and automated production systems for the aerospace and defence industries.

Finally during June, Odyssey Private Equity Fund 8 announced an investment into an Australian leading and award-winning women's supportive footwear business FRANKi4.

During the quarter, VPEG2 received distributions totaling \$1,446,775 from underlying funds, CHAMP IV and Waterman Fund 3 as a result of the receipt of proceeds from the sale of CHAMP IV's portfolio company, Containerchain, (reported in the VPEG2 March 2019 Quarterly Report) as well as dividends and interest received from other underlying companies within their portfolios.

With nine investments completed by CHAMP IV, eight by Allegro II, seven by Next III, six by Mercury 2, five by Adamantem Capital Fund 1, four by each of Odyssey Private Equity Fund 8, Pencarrow Bridge Fund and Waterman 3, and one co-investment, the total number of underlying Private Equity company investments completed in VPEG2's portfolio as at 30 June 2019 was 48. In addition, six company investments had been exited (sold) from the underlying portfolio at quarter end.

OVERVIEW OF NEW INVESTMENTS

SUSHI SUSHI - ODYSSEY PRIVATE EQUITY FUND 8



On 4 April 2019, Odyssey Fund 8 completed an investment in Sushi Sushi a vertically-integrated food business that supplies sushi and other Japanese-inspired healthy convenience foods through 140 company-owned and franchised stores and commercial sales channels throughout Australia. The company is headquartered in Melbourne and has a state-of-the-art processing facility located in Mount Waverley, Victoria, along with four warehouses and distribution centres in Perth, Brisbane and Melbourne and more than 1300 staff.

Odyssey were attracted to the investment due to a shifting of Australians eating habits, into a well-balanced diet of nutritional, fresh food as well as affordability along with the company's management team. Additionally, the growth in demand for sushi and Japanese inspired food more generally is being driven by consumers' demand for healthy and convenient meals.

Odyssey have a strong understanding of Sushi Sushi's fresh food convenience model that is highly flexible, providing the business with the ability to grow into segments beyond that of other quick service restaurant businesses. The company has the capability to grow its store presence into smaller locations and traditional shopping centre environments as well as high street locations, hospitals, petrol and convenience stores, airports and sporting events.

DELTA AGRIBUSINESS - ODYSSEY PRIVATE EQUITY FUND 8



During April 2019, Odyssey Fund 8 invested in Delta Agribusiness (Delta Ag), a leading provider of independent rural services and the retail of agricultural inputs operating through 28 locations across regional New South Wales and Southern Queensland.

Delta Ag provides agronomy advice to farmers, sells farm inputs such as fertilisers, crop protection products, seed and general merchandise, and also provides livestock and grain advisory and marketing. The Group employs over 230 people and encompasses Lachlan Fertilizers Rural at Grenfell and Cowra.

Delta Ag operates a full service business model, and provides a key supportive role to its many clients via its unique technical and advisory offerings. With a growing network of over 40 highly experienced Farm advisors and Agronomy specialists with a combined 300 years of service to the industry, the Delta Ag group is widely recognized as the leaders in technical services to rural producers in the southern New South Wales region.

OVERVIEW OF NEW INVESTMENTS_{cont.}

MARAND PRECISION ENGINEERING (“MARAND”) – CHAMP IV



On 12 June 2019, CHAMP IV signed an agreement to acquire a majority interest in Marand Precision Engineering (Marand), a supplier of precision engineered solutions with key capabilities in the design and fabrication of aerostructures, tools and automated production systems for the aerospace and defence industries.

Founded in 1969 by Andy Ellul, Marand is the exclusive Australian and New Zealand agent for high quality off-the-shelf machine tools, industrial robots, testing, gauging and measurement equipment from leading international suppliers. The customer base of Marand is predominately multinational blue chip organisations including Lockheed Martin, Boeing, BAE Systems, BHP and Rio Tinto, for which it designs and manufactures complex innovative solutions.

OVERVIEW OF RECENTLY ANNOUNCED INVESTMENT

FRANKiE4 – ODYSSEY PRIVATE EQUITY FUND 8



During the June 2019 quarter, Odyssey Fund 8 announced that they had acquired a significant minority stake in FRANKiE4 alongside the company's founder shareholders.

FRANKiE4 is a leading and award-winning women's supportive footwear label with a difference. Founded in 2011 by podiatrists and a physiotherapist, FRANKiE4's unique designs and patented support technologies enhance customers' foot, lower limb and overall health. FRANKiE4 combines a knowledge of biomechanics with a sense of style, to deliver great footwear that women feel comfortable in and love to wear.

FRANKiE4 markets across all of its national distribution channels including online, pop-up and concept stores, and an expanding network of retail and allied health stockists across Australia and New Zealand.

PORTFOLIO STRUCTURE

VPEG2'S PORTFOLIO STRUCTURE — 30 JUNE 2019

The tables and charts below provide information on the breakdown of VPEG2's investments as at 30 June 2019.

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	
0.3%	4.0%	Later Expansion	27.8%
		Buyout	67.9%

VPEG2B			
Cash	Fixed Interest	Private Equity	
0.1%	3.8%	Later Expansion	28.4%
		Buyout	67.7%

PRIVATE EQUITY PORTFOLIO

With commitments to eight Private Equity funds, VPEG2 has ultimately invested in 48 underlying companies, including one co-investment with six exits completed, at quarter end. As a result, VPEG2's Private Equity portfolio and commitments, as at 30 June 2019, were as follows:

Private Equity Fund Name	Fund / Deal 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	\$4.49m	\$1.49m	7	2
Allegro Fund II	\$180m	2014	Small to Mid Market Expansion / Buyout	\$4.0m	\$2.0m	\$3.55m	\$1.77m	8	2
Mercury Capital Fund 2	\$300m	2015	Small to Mid Market Expansion / Buyout	\$3.8m	\$1.2m	\$3.23m	\$1.02m	6	0
CHAMP IV	\$735m	2016	Mid Market Buyout	\$6.0m	\$2.0m	\$4.82m	\$1.61m	9	2
Waterman Fund 3	NZ\$200m	2016	Small to Mid Market Expansion / Buyout	NZ\$3.0m	NZ\$1.0m	\$2.08m	\$0.66m	4	0
Pencarrow Bridge Fund	NZ\$80m	2016	Small to Mid Market Expansion / Buyout	NZ\$1.5m	NZ\$0.5m	\$1.16m	\$0.38m	4	0
Adamantem Capital Fund 1	\$591m	2017	Mid Market Expansion / Buyout	\$7.6m	\$2.4m	\$4.31m	\$1.36m	5	0
Odyssey Fund 8	\$275m	2017	Mid Market Expansion / Buyout	\$6.0m	\$2.0m	\$3.21m	\$1.07m	4	0
Co-Invest 1 (Fitzpatricks Financial Group)	\$200m	2017	Mid Market Expansion	\$0.4m	\$0.1m	\$0.41m	\$0.13m	1	0
Total **				\$38.0m	\$13.1m	\$27.24m	\$9.49m	48	6

** Assumes an average AUD / NZ exchange rate 1.1 for VPEG2's investment commitments to Waterman Fund 3 & the Pencarrow Bridge Fund.

SUMMARY OF VPEG2'S UNDERLYING PRIVATE EQUITY PORTFOLIO INVESTMENTS

The table below provides an overview of the top 10 underlying private equity investments within VPEG2's portfolio, for which funds had been drawn or called from VPEG2 (on a pro rata basis across both trusts A & B), as at 30 June 2019. The table also includes the residual holdings of previously exited portfolio company Pepperstone Group.

Rank	Investment	Fund	Description	% of VPEG2's Private Equity Investments	Cumulative %
1	Funlab	Next Capital III	Developer & Operator of Entertainment & Leisure Venues	8.8%	8.8%
2	Pepperstone	CHAMP IV	Futures Trading Investment Platform	4.5%	13.3%
3	Carpet Court NZ	Allegro Fund II	Carpet Retailer	4.0%	17.4%
4	Hygain Holdings Pty Ltd	Adamantem 1	Premium Horse Feed Manufacturer & Distributor	3.9%	21.3%
5	Nexus Day Hospitals	Mercury Capital 2	Day Hospital Owner & Operator	3.6%	24.9%
6	Lynch Group	Next Capital III	Flower & Potted Plant Operator	3.5%	28.4%
7	Mining Technologies Holding Pty Ltd	Odyssey 8	Leading Global Provider Of Data & Voice Communications	3.1%	31.5%
8	Noisette Bakery	Next Capital III	Artisanal Commercial Bakery	3.0%	34.5%
9	Adventure Holdings Australia Pty Ltd	Odyssey 8	Leading Outdoor Equipment Brand	3.0%	37.5%
10	My Food Bag	Waterman Fund 3	Home Food Delivery Provider	2.8%	40.3%

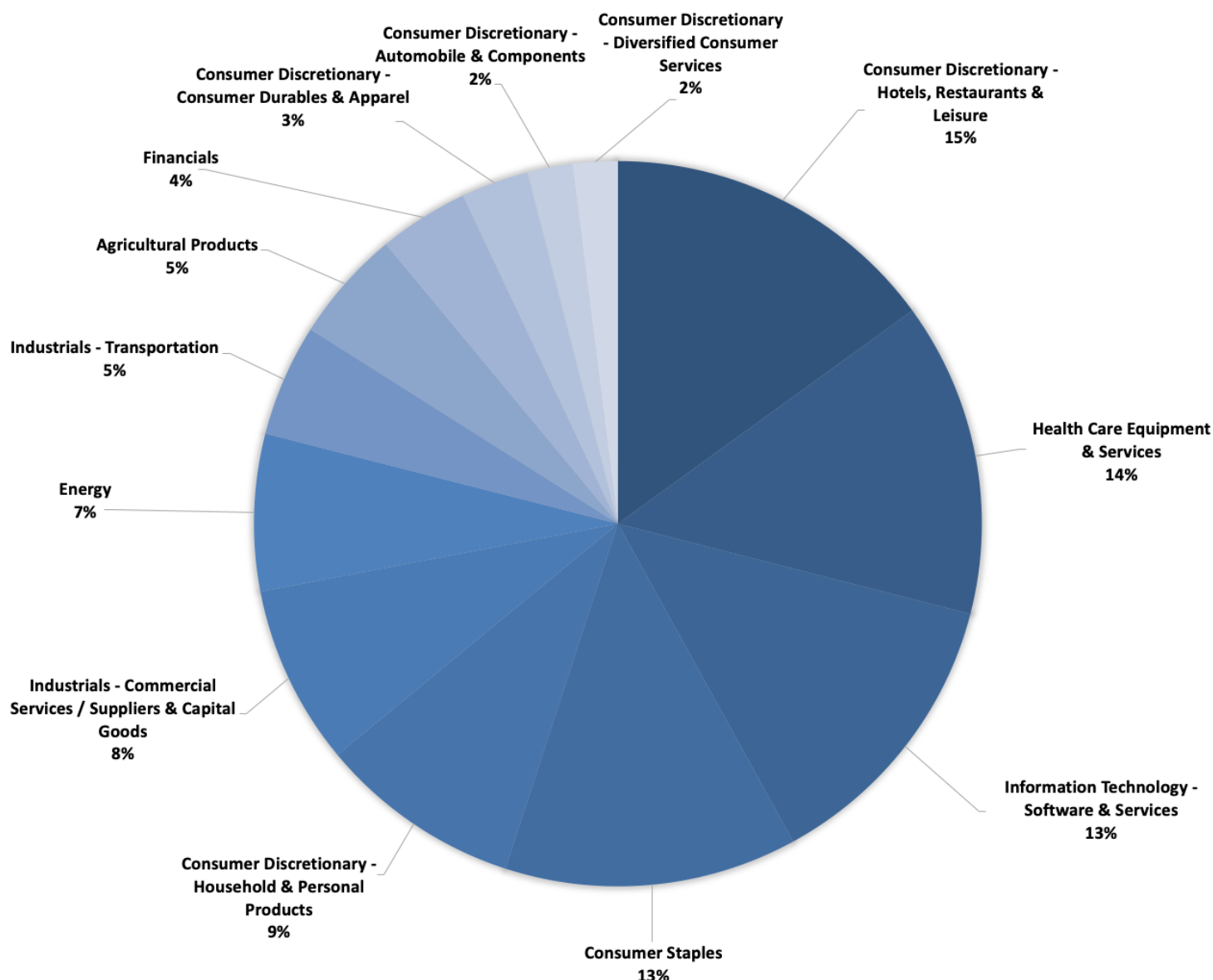
INDUSTRY SPREAD OF VPEG2'S UNDERLYING INVESTMENTS

The acquisition of Delta Agribusiness by Odyssey Private Equity Fund 8 during the quarter, increased VPEG2's exposure to the "Agriculture Products" industry sector from 4% to 5%.

Also, Odyssey Private Equity Fund 8's investment into Sushi Sushi increased VPEG2's exposure to the "Consumer Discretionary – Hotels, Restaurants & Leisure" industry sector from 12% to 15%, which became VPEG2's largest industry sector exposure as at 30 June 2019.

Finally, the investment into Marand Precision Engineering by CHAMP IV increased VPEG2's exposure to the "Industrials – Commercial Services / Suppliers & Capital Goods" industry sector from 7% to 8%.

As a result, other industry sector exposures reduced slightly, in overall percentage terms, to accommodate these investments.



MARKET UPDATE

MARKET & ECONOMIC CONDITIONS

During June 2019 the Australian Bureau of Statistics (ABS) released the GDP figures for the March quarter. These showed that the Australian economy expanded by 0.4% in the first quarter of 2019, accelerating from 0.3% in the December quarter but missing expectations of 0.5%. This brought annual growth to 1.8% which is below the long-run average. Unemployment remains low but edged higher to 5.2% and inflation was below the target range at 1.3%, predominantly caused by low wages growth. Private debt levels remain relatively high in Australia, while net government debt is at 28% of GDP, one of the lowest amongst developed economies. In New Zealand, economic conditions remained positive this quarter with unemployment at 4.1% and economic growth solid at 2.9% on an annualised basis.

The Reserve Bank of Australia (RBA) responded to this sluggish growth within Australia with two consecutive 25 bps rate cuts in June and July taking official interest rates to an historic low of 1%. The RBA Board announced they will continue to monitor developments in the labour market with some commentators suggesting further rate cuts to boost consumer spending, wage inflation and lower underemployment are possible in 2019.

In the local Private Equity market, the opportunities for exits continue to remain plentiful. Liquidity is available by sales to trade buyers, other private equity firms specialising in bigger transactions, and through the public markets. Of the three routes, the IPO market remains highly selective but genuine growth outlooks are being rewarded with high price multiples. Anecdotal evidence continues to suggest that deals being exited are generating strong returns for investors. Based on the exits being achieved in the local market at the present time it seems likely that funds with current vintages will report very good results.

With the Australian and New Zealand economies growing at a more modest rate than they have in the past, there will be an increasing premium on identifying areas (and companies within those areas) that offer above average growth. With limited competition from other sponsors in the lower to mid-market segment in which VPEG2 underlying funds operate as well as sensible banking arrangements remaining available, VPEG2's underlying fund managers are confident of generating attractive investment returns from their portfolio of investments across the term of their funds and that of VPEG2.

CONTACT DETAILS

VANTAGE PRIVATE EQUITY GROWTH 2 (TRUSTS A & B)

Level 25, Aurora Place
88 Phillip street
Sydney NSW, 2000
Australia

Email: investor@vantageasset.com
Website: www.vpeg2.info

VANTAGE ASSET MANAGEMENT PTY LIMITED

Managing Director - Michael Tobin
Phone: +612 8211 0477
Fax: +612 8211 0555
Email: info@vantageasset.com
Website: www.vantageasset.com