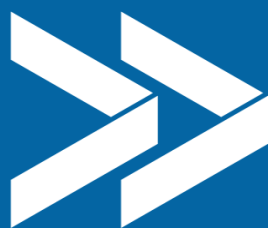


VPEG2

DIVERSIFY
GROW
OUTPERFORM



Vantage Private Equity Growth 2
Quarterly Report
30 September 2020

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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 of Vantage Private Equity Growth 2. 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. This report 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.

SUMMARY

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 has invested the majority of its Investment Portfolio into Australian based Private Equity funds who in turn are focused on investing into lower 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 \$51.1m¹ of commitments across eight Private Equity funds and completed one co-investment. As a result, VPEG2 has invested in 53 underlying company investments, with eight exits completed to date. As at 30 September 2020, 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.

¹ Assumes an average AUD / NZ exchange rate 1.1 for VPEG2's investment commitments to Waterman Fund 3 and the Pencarrow Bridge Fund.

SPECIAL POINTS OF INTEREST

A significant majority of companies in VPEG2's underlying portfolio, representing 92% of total NAV, maintained or increased in value across the quarter

The improvement in the value across the portfolio delivered an average 4.7% increase in VPEG2's NAV across the quarter

VPEG2's value has now grown to exceed its value prior to the onset of COVID-19

PERFORMANCE

The period 1 July 2020 to 30 September 2020 saw continued activity across VPEG2's portfolio as underlying managers continued to focus on navigating the evolving impacts, challenges and opportunities arising from the COVID-19 situation.

Capital calls were received by VPEG2 from two underlying funds across the quarter, with majority of the called capital required to fund the follow on investments undertaken by three underlying portfolio companies. Additional capital was also called for the costs associated with the operations of underlying funds, including management fees and due diligence costs.

The table below provides a summary of the performance of VPEG2A's portfolio across the September 2020 quarter. As demonstrated, VPEG2A's Net Asset Value (NAV) increased by 4.6% across the quarter (18.5% annualised) from \$1.232 per unit at 30 June 2020 to \$1.289 per unit at 30 September 2020. The increase in NAV resulted predominately from the increase in unrealised value of a significant majority of the underlying companies in VPEG2A's portfolio. The uplift in unrealised value across the portfolio throughout the quarter was attributed to increased earnings of a majority of portfolio companies as a result of the continued increase in consumer spending and further easing of COVID-19 related restrictions.

Also as detailed in the table, VPEG2B's NAV increased by 4.8% (19.2% annualised) across the quarter from \$1.209 per unit to \$1.267 per unit. The increase in NAV was also due to the increase in the unrealised value of a significant majority of the underlying companies in VPEG2B's portfolio as detailed above

As at 30 September 2020, all VPEG2A and VPEG2B Investors had Paid Capital to each trust equating to \$1.00 per unit or equivalent to 100% of their Committed Capital to each of VPEG2A and VPEG2B.

Month Ending	VPEG2A NAV / Unit (\$)	VPEG2B NAV / Unit (\$)
30-Sep-20	1.289	1.267
31-Aug-20	1.230	1.202
31-Jul-20	1.234	1.208
30-Jun-20	1.232	1.209

VPEG2's portfolio value has now entirely recovered from the temporary write downs that impacted portfolio valuations, in the March 2020 quarter as a result of the broader economic shutdowns during the onset of COVID-19. VPEG2's portfolio value is well placed to continue to grow as underlying fund managers further maximise the value of each underlying portfolio company prior to exit. Growth initiatives implemented by VPEG2's fund managers and Private Equity's ability to consistently outperform most asset classes, will ultimately deliver VPEG2 Fund investors with strong risk adjusted returns over the term of the Fund.

KEY PORTFOLIO DEVELOPMENTS

During the September 2020 quarter, continued activity within VPEG2's Private Equity portfolio resulted in the completion of three follow-on investments into three existing underlying companies.

A total of \$262,261 was called from VPEG2 during the quarter, by Allegro Fund II and VPEG2's co-investment into Fitzpatrick Financial Group. The majority of the capital called was to fund follow-on investments into three of Allegro's existing portfolio companies with the remaining capital called to fund the costs associated with the operations of underlying funds and the Fitzpatrick's co-investment during the period.

During the quarter, VPEG2 received distributions totaling \$232,209 from underlying funds Mercury Capital Fund 2 and Waterman Fund 3. The distribution from Mercury resulted from the receipt of the further earnout and final proceeds from previously exited portfolio company Nexus. The Waterman distribution represented dividends paid from a number of companies within the Waterman portfolio due to improved financial performance.

With ten investments completed by CHAMP IV, eight by each of Allegro Fund II and Next Capital Fund III, seven by Mercury Capital Fund 2, six by Adamantem Capital Fund 1, five by Odyssey Private Equity Fund 8, four by each of 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 September 2020 was 53, with eight exits completed to date.

PORTFOLIO STRUCTURE

VPEG2's PORTFOLIO STRUCTURE - 30 SEPTEMBER 2020

The tables and charts below provide information on the breakdown of VPEG2's investments as at 30 September 2020.

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	Short Term Deposits	Private Equity	
0.1%	2.1%	Later Expansion	27.1%
		Buyout	70.7%
VPEG2B			
Cash	Short Term Deposits	Private Equity	
0.3%	0.3%	Later Expansion	28.5%
		Buyout	70.9%

PRIVATE EQUITY PORTFOLIO

With commitments to eight Private Equity funds and one co-investment, VPEG2 has ultimately invested in 53 underlying companies, including one co-investment with eight exits completed, at quarter end. As a result, VPEG2's Private Equity portfolio and commitments, as at 30 September 2020, were as follows:

Private Equity Fund Name	Fund / Deal Size	Vintage Year	Investment Focus	VPEG2 Commitment		Capital Drawn		Total No. of Investee Companies	No. of Exits
				VPEG2A	VPEG2B	VPEG2A	VPEG2B		
Next Capital Fund III	\$265m	2014	Lower to Mid Market Expansion / Buyout	\$6.0m	\$2.0m	\$5.18m	\$1.72m	8	2
Allegro Fund II	\$180m	2014	Lower to Mid Market Expansion / Buyout	\$4.0m	\$2.0m	\$3.85m	\$1.93m	8	3
Mercury Capital Fund 2	\$300m	2015	Lower to Mid Market Expansion / Buyout	\$3.8m	\$1.2m	\$3.46m	\$1.09m	7	1
CHAMP IV	\$735m	2016	Mid Market Buyout	\$6.0m	\$2.0m	\$5.41m	\$1.80m	10	2
Waterman Capital Fund 3	NZ\$200m	2016	Lower to Mid Market Expansion / Buyout	NZ\$3.0m	NZ\$1.0m	\$2.20m	\$0.70m	4	-
Pencarrow Bridge Fund	NZ\$80m	2016	Lower to Mid Market Expansion / Buyout	NZ\$1.5m	NZ\$0.5m	\$1.26m	\$0.41m	4	-
Adamantem Capital Fund 1	\$591m	2017	Mid Market Expansion / Buyout	\$7.6m	\$2.4m	\$5.97m	\$1.89m	6	-
Odyssey Fund 8	\$275m	2017	Mid Market Expansion / Buyout	\$6.0m	\$2.0m	\$3.33m	\$1.11m	5	-
Co-invest (Fitzpatrick Financial Group)	\$200m	2017	Mid Market Expansion	\$0.4m	\$0.1m	\$0.41m	\$0.13m	1	-
Total²				\$38.0m	\$13.1m	\$31.09m	\$10.79m	53	8

² Assumes an average AUD/NZD exchange rate of 1.1 for VPEG2's investment commitments and draw down to Waterman Fund 3 and the Pencarrow Bridge Fund.

SUMMARY OF VPEG2's UNDERLYING PRIVATE EQUITY INVESTMENTS

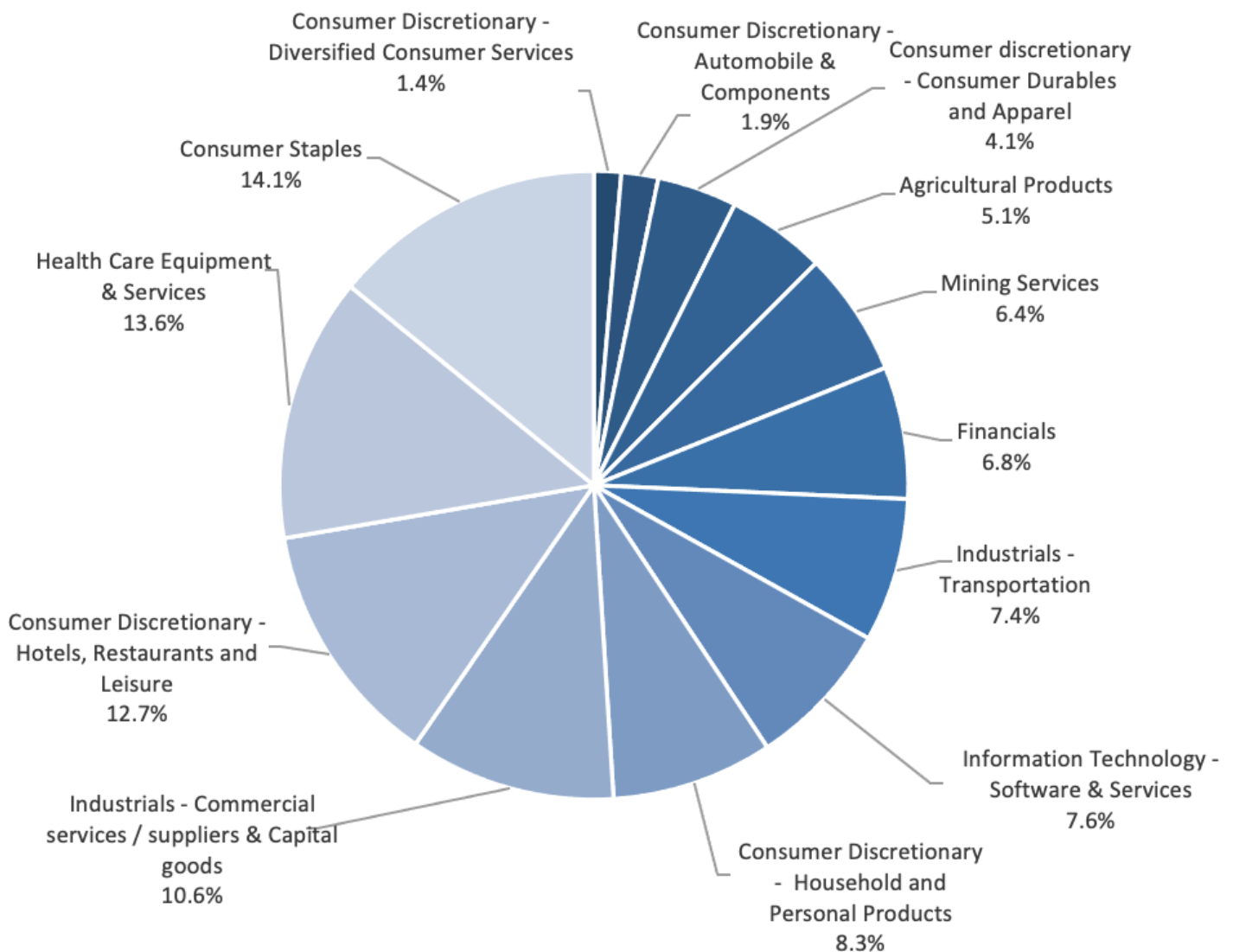
The table below provides a summary of the top 10 underlying private equity investments within VPEG2's portfolio, for which funds had been drawn or called from VPEG2 (on a pro rata basis across both trusts A & B), as at 30 September 2020.

Rank	Investment	Fund	Description	% of VPEG2's Private Equity Investments	Cumulative %
1	Funlab	Next Capital III	Developer & Operator of Entertainment & Leisure Venues	7.0%	7.0%
2	Heritage Lifecare Limited	Adamantem Capital Fund 1	New Zealand aged care & retirement village operator	5.2%	12.2%
3	Hellers	Adamantem Capital Fund 1	Producer of processed meats in New Zealand	4.8%	17.0%
4	Lynch Group	Next Capital III	Flower & Potted Plant Operator	4.4%	21.4%
5	Hygain Holdings Pty Ltd	Adamantem Capital Fund 1	Premium Horse Feed Manufacturer & Distributor	4.0%	25.4%
6	NZ Bus	Next Capital Fund IV	Urban Bus Operator in New Zealand	3.2%	28.6%
7	Message Media	Mercury Capital Fund 2	Business to Person messaging	3.2%	31.8%
8	Jaybro Group	CHAMP IV	Infrastructure Project - Supplier of Consumables	3.2%	35.0%
9	Carpet Court NZ	Allegro Fund II	Carpet Retailer in New Zealand	3.0%	38.0%
10	Gourmet Food Holding	CHAMP IV	Manufacturer and Distributor of Gourmet Crackers & Chilled Packaged Seafood	2.9%	40.9%

INDUSTRY SPREAD OF VPEG2's UNDERLYING INVESTMENTS

Due to the receipt of the final distribution from Mercury Capital Fund 2's previously exited portfolio company Nexus, VPEG2's exposure to the "Health care – Equipment and Services" industry sector decreased from 14.0% to 13.6%.

As a result of this and other underlying company revaluations across the quarter, VPEG2's exposure to a range of other industry sectors also altered slightly. VPEG2's exposure to the "Consumer Staples" industry sector which consists of Everest, Hellers, Gourmet Food Holdings, My Food Bag and The Collective became VPEG2's largest industry exposure at 14.1% of VPEG2's total Private Equity portfolio, at quarter end.



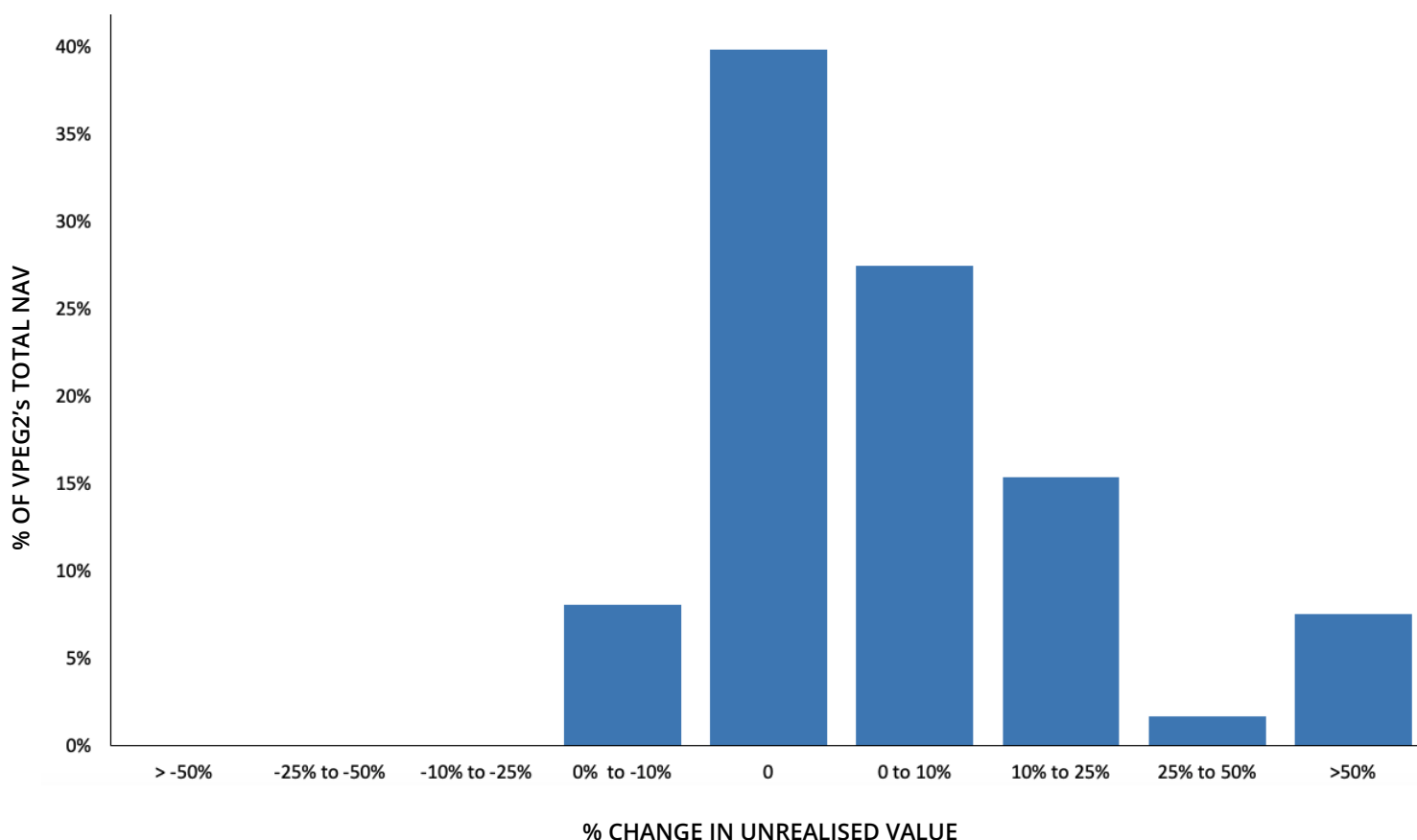
VPEG2 UNDERLYING PORTFOLIO VALUATION UPDATE

Consumer sentiment improved across the September quarter as a result of the continued easing of COVID-19 related restrictions across a majority of Australian States (except in Victoria) as well as in New Zealand. Sentiment was further enhanced by the continuation of economic stimulus payments to the benefit of a large proportion of consumers. This improved consumer sentiment flowed through to an increase in discretionary spending by consumers. As a result, the trading performance of a number of underlying companies in VPEG2's portfolio benefited from this increase in spending which delivered improved revenue and earnings for these companies compared with the previous period.

Due to this improvement in the financial performance of a number of portfolio companies and the requirement for Private Equity managers to fairly value investments in their portfolios at each quarter-end, all of VPEG2's underlying fund managers conducted a review of the valuations of all unrealised investments as at 30 September 2020, in accordance with the valuation guidelines issued by the International Private Equity Valuation Board. This resulted in an uplift in the value of a number of the underlying companies within VPEG2's portfolio.

The graph below details the range of change in the unrealised value of VPEG2's underlying portfolio from 30 June 2020 to 30 September 2020 represented as a percentage of VPEG2's total Net Asset Value at 30 September 2020.

% CHANGE IN UNREALISED VALUE FROM 30 JUNE 2020 TO 30 SEPTEMBER 2020



As demonstrated in the chart above, a significant majority of companies in VPEG2's underlying portfolio, representing 92% of total Net Asset Value (NAV), maintained value or increased in value across the quarter. In addition, only a minority of underlying companies representing 8% of VPEG2's NAV reduced in value (and all by less than 5%) across the quarter.

During the period many of VPEG2's underlying companies continued to adapt to the evolving operating environment as a result of the pandemic to deliver products and services, that assist their customers in various ways. Ultimately, these initiatives have helped to protect and/or increase the value of a significant majority of the underlying companies within VPEG2's portfolio.

MARKET AND ECONOMIC CONDITIONS

The global economy is gradually recovering after a severe contraction due to the COVID-19 pandemic. However, the recovery is uneven and its continuation is dependent on containment of the virus. While infection rates have declined in some countries, they have increased in others. The recovery is most advanced in China, where conditions have improved substantially over recent months. Globally, inflation remains very low and below central bank targets.

Financial conditions remained accommodative around the world and supportive of the economic recovery. Financial market volatility is low and the prices of many assets have risen substantially despite the high level of uncertainty about the economic outlook. Bond yields are at historically low levels, as are interest rates for most businesses and households. The Australian dollar remains just a little below its peak of the past couple of years.

The Australian economy experienced a sharp contraction in the June quarter, with output falling by 7 per cent. As difficult as this was, the decline in output was smaller than in most other countries and smaller than was earlier expected. A recovery is now under way in most of Australia, although the second-wave outbreak in Victoria has resulted in a further contraction in output in that State. The national recovery is likely to be bumpy and uneven and it will be some time before the level of output returns to its pre COVID levels.

Labour market conditions improved somewhat over the September 2020 quarter and the unemployment rate peaked at a lower rate than earlier expected. Even so, unemployment and underemployment are likely to remain high for an extended period. Wage and inflation pressures remain very subdued.

Over the past six months to 30 September 2020, the Australian economy has been supported by a substantial easing of fiscal policy. Public sector balance sheets in Australia are in good shape, which allows for continued support. Both fiscal and monetary support will be required for some time given the outlook for the economy and the prospect of high unemployment.

The RBA's policy package is working as expected and is underpinning very low borrowing costs and the supply of credit to households and businesses. There is a very high level of liquidity in the Australian financial system and borrowing costs are at record lows. \$81 billion of low-cost funding for authorised deposit-taking institutions (ADIs) has been advanced under the initial allowance of the Term Funding Facility. ADIs currently have access to a further \$120 billion under this facility. As this is drawn down, there will be a further very significant expansion of the Reserve Bank's balance sheet.

Government bond markets are functioning well, alongside a significant increase in issuance. Bond yields are around record lows. Early in September 2020, the RBA bought a further \$2 billion of Australian Government Securities (AGS) in support of its 3-year yield target, bringing total purchases of government securities since March to \$63 billion.

The RBA continues to remain committed to do what it can to support jobs, incomes and businesses in Australia. The Board of the RBA views addressing the high rate of unemployment as an important national priority. It will maintain highly accommodative policy settings as long as is required and will not increase the cash rate target until progress is being made towards full employment and it is confident that inflation will be sustainably within the 2–3 per cent target band. The RBA continues to consider how additional monetary easing could support jobs as the economy opens up further.

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