INVESTMENT MANAGER
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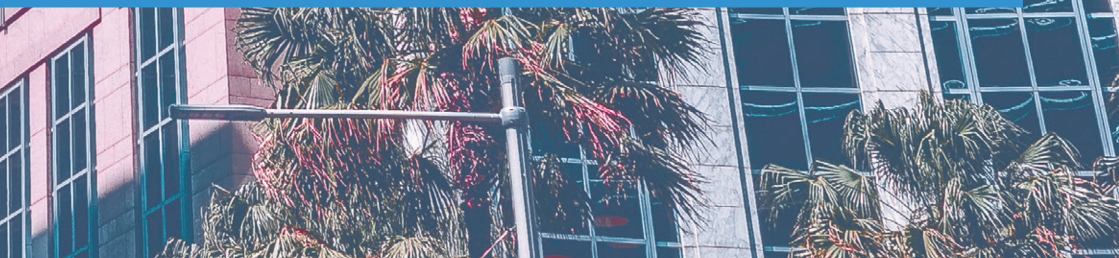
VPEG2B

DIVERSIFY. GROW. OUTPERFORM.

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020
VANTAGE PRIVATE EQUITY GROWTH TRUST 2B

2020



CORPORATE DIRECTORY

DIRECTORS OF THE TRUSTEE

Michael Tobin B.E., MBA, DFS, FAICD
Managing Director

David Pullini B.E., MBA, GDAFI.
Director

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Vantage Private Equity Growth Trust 2B

Will be held at:
Corrs Chambers Westgarth
Level 17, 8 Chifley
8/12 Chifley Square
Sydney NSW 2000

Date:
25 November 2020

Time:
10:30am

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 29, Chifley Tower
2 Chifley Square
Sydney NSW 2000
Australia

AUDITORS

Ernst & Young
The EY Centre
200 George Street
Sydney NSW 2000

SOLICITORS

Corrs Chambers Westgarth
Level 17, 8 Chifley
8/12 Chifley Square
Sydney NSW 2000

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VPEG2B

TRUSTEE AND MANAGERS' REPORT

The Directors of Vantage asset Management Pty limited, the trustee of Vantage Private Equity Growth Trust 2B ("Fund" or "VPEG2B") presents this report together with the financial statements of VPEG2B for the year ended 30 June 2020.

DIRECTORS

The following persons were directors of the Trustee during the whole of the financial year and up to the date of this report, unless otherwise stated:

Michael Tobin
Managing Director

David Pullini
Director

PRINCIPAL ACTIVITY

The principal activity of the Fund is the investment in professionally managed Private Equity funds focused on investing in the later expansion and buyout stages of Private Equity in Australia and New Zealand.

The principal objective of the Fund is to provide investors with the benefit of a well-diversified Private Equity investment portfolio. This is achieved by focusing on providing the majority of its commitments and investments to underlying 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.

As at 30 June 2020 the Fund held investment commitments in eight Private Equity funds managed by Australian and New Zealand headquartered Private Equity fund managers. VPEG2B has commitments of $13.1m[1] which includes $2.4m to Adamantem Capital Fund 1, $2m to each of Allegro Fund II, CHAMP IV, Next Capital Fund III and Odyssey Private Equity Fund 8, $1.2m Mercury Capital Fund 2, NZ$1.0m to Waterman Fund 3, NZ$0.5m to Pencarrow Bridge Fund and a co-investment into Fitzpatrick Financial Group of $0.1m.

Note 1. Assumes an average AUD / NZ exchange rate across FY19 of 1.1 for VPEG2's investment commitments to Waterman Fund 3 & the Pencarrow Bridge Fund (2019: 1.1).

FUND PERFORMANCE HIGHLIGHTS FOR FY20

- $1.25m in Additional Capital Drawn by underlying Private Equity funds
- 5 new underlying company investments added to the portfolio and 9 significant bolt-on acquisitions completed
- 2 underlying company investments sold delivering strong returns to VPEG2B
- A total of 53 underlying company investments completed with 8 exits now realised
- $1.04m in total distributions received from underlying funds during the year, an increase of 8.7% from FY19
- Net Profit for the year of $0.37m
- 7.5% p.a. is the after fees, Net Internal Rate of Return delivered by VPEG2B since Final Close on 28 May 2015.

DISTRIBUTIONS TO UNIT HOLDERS

A distribution of **$204,017** (**$0.0231** per unit) was declared to be paid to VPEG2B unitholders on 27 October 2019 representing the net taxable income of the Trust for the period ended 30 June 2020.

ECONOMIC CONDITIONS ACROSS FINANCIAL YEAR 2020

Monetary policy was eased during the first quarter of the 2020 financial year to support employment and income growth with the aim that inflation will be consistent with the Reserve Bank's (RBA) medium-term target. In October 2019, the RBA reduced the official cash rate from 1.00% to 0.75% following rate drops in both June and July of 2019, which were the first changes in the official cash rate since August 2016. Forecast growth rates by global economists remained conservative as tensions continued to arise from the US / China trade and technology negotiations. These negotiations at the time affected the flows of international trade and investment globally, as companies began to scale back spending due to increased uncertainty.

Economic data released at the end of the first half of FY20 revealed that the Australian economy only marginally grew at an annualised rate of 1.7%. This compares with 2.4% in 2018 and 2.8% in 2017 across the same period. Factors contributing to this weakness included weak domestic spending, and lower investment in mining and real property industry sectors. Despite the government's best efforts to help stimulate growth via tax cuts in October 2019, consumers still reduced their spending albeit to modest wage growth and higher saving rates among individual households. Additionally, the effects of the drought and the subsequent bushfires in Australia exacerbated to this lower growth.

TRUSTEE AND MANAGERS' REPORT (CONT.)

ECONOMIC CONDITIONS ACROSS FINANCIAL YEAR 2020 (CONT.)

In January 2020, the World Health Organisation declared a global health emergency as a result of the emergence of COVID-19 in Wuhan, China, as over 900 deaths occurred and 40,000 individuals had been infected by the virus since its initial outbreak in late December 2019. Many countries began to shut their borders and place restrictions on businesses and individuals to slow the spread of COVID-19. These extraordinary responses and forced closures of economies caused significant disruptions around world.

In late March 2020, the Australian Government implemented strong containment measures to reduce the spread of COVID-19 among communities. Financial markets became significantly volatile, with sharp falls witnessed in the prices of risky assets as market participants struggled to price in the risks associated to each security, given the unknown impact of COVID-19.

Equity prices in the advanced economies, including Australia, fell by around 30 per cent. The falls were broadly based across sectors, although equity prices in the energy and tourism sectors had fallen particularly harder. The equity prices of banks had also fallen significantly, although it was recognised that the capital and liquidity positions of banks had significantly strengthened over time since the Global Financial Crisis.

In response to the rapid outbreak of the virus and its greater impact to the economy, the RBA called upon members for a special meeting on 18 March 2020 to consider the options for immediate monetary policy responses. At this meeting, RBA members supported the proposed easing of monetary policy, which saw the official cash rate to ultimately be cut to 0.25%.

The aim of this response was to initially boost the cash flow of businesses and the household sector as a whole and also help the trade-exposed industries deal with their mounting challenges.

In addition to these monetary policy responses, the Australian government moved quickly to legislate a wide range of measures to provide support to households and businesses in managing their short term cashflow challenges as well as also ensuring a continued flow of credit within the economy.

To date, the Australian Government stimulus response totals $289bn, representing 14.6% of annual GDP. Australia's JobKeeper scheme, which helps businesses significantly impacted by the pandemic cover the costs of their employee wages, is the largest stimulus response to date, which has paid out over $30 billion to 3.5 million workers from more than 960,000 businesses.

The Australian economy experienced a significant downturn throughout April as COVID-19 restrictions were strictly enforced. However, as governments began to gradually ease restrictions over May and June, economic activity began to improve.

These movements in economic activity where represented by the Performance of Manufacturing Index (PMI), which crashed in April 2020 to 35.8, down from 53.7 in March 2020, before rebounding to 51.5 at the financial year end, due to an overall improvement in demand from consumers.

Business sentiment bounced back from its -65 low at the end of March, through to the latest May 2020 reading, which remains negative at -20. Similarly, consumer confidence fell sharply from 91.9 in March 2020 to 75.6 in the following month, before rebounding to 88.1 in May 2020.

Looking forward, economic activity is expected to pick up in the September quarter and beyond, with the continued easing of restrictions in most parts of the country continuing. Real GDP is forecast to fall by 0.25% in 2019-20 fiscal year and by 2.5% in 2020-21 fiscal year. In calendar-year terms, real GDP is forecast to fall by 3.75% in 2020, before increasing by 2.5% per cent in 2021. While Australia's net debt is expected to increase with the expanded support, the country's robust finances prior to the current downturn means that net debt is expected to climb to 35.7% of GDP in June 2021.

A confident sentiment is viewed among economists as it is expected that both Australian and New Zealand economies are forecast to recover much sooner than in past recessions due to the gradual easing of restrictions in both countries, though it is expected that it will be a long road back to full recovery with the unemployment rate remaining elevated at 7.5% in Australia and 4.0% in New Zealand at the closure of the 2020 Financial year.

Both the Federal Government and the Reserve Bank of Australia have remained highly accommodative in their response to the pandemic with fiscal and monetary packages being appropriately allocated.

TRUSTEE AND MANAGERS' REPORT (CONT.)

CONSISTENT MOMENTUM OF PRIVATE EQUITY ACTIVITY IN VPEG2'S MARKET SEGMENT

It is timely to compare the slowdown in global economies occurring across 2020 with the period during and immediately following the 2008 Global Financial Crisis.

A key observation is that during the GFC a majority of financial markets seized up with significant risks associated with continuing credit availability. Cyclically exposed sectors such as construction, manufacturing, wholesale and retail were sharply impacted during and following the GFC. Unlike the 1992 recession in Australia, in 2008 all major banks held back from enforcing their security positions, a feature being repeated again during 2020.

During the GFC Private Equity deal flow dried up as only weak businesses required recapitalisation while owners of strong businesses postponed expansion and / or sale plans. In contrast, Private Equity deal flow has remained surprisingly robust so far across 2020. Many businesses continue to perform well, notwithstanding the disruption caused by the pandemic.

Acquisition finance remains available with asset valuations remaining consistently priced throughout the period. Equity markets, which are proving to be enormously resilient, are also supportive of IPOs across a range of industry sectors. There remains to be plenty of dry powder amongst Private Equity funds in Australia, which should see a continued flow of completed deals as well as provide support for a healthy secondary market.

Risks remain that a further major outbreak in Australia or New Zealand occurs or Victoria fails to contain its second wave. Furthermore, a contraction in the Chinese economy, or a prolonged global recession could also inevitably impact the performance of certain companies across a range of industry sectors in Australia. Should any of these events occur a major tightening of credit availability would be likely, contributing to the potential for weaker performance of companies most exposed to slowing industry sectors.

However, this scenario could also lead to the opportunity for an increase in deal flow, priced at more attractive multiples than the historical average. Whichever scenario occurs, there is no doubt that companies held within Private Equity portfolios will be better positioned to adapt to the evolving challenges caused by the slowing economy, compared with other privately held and many publicly held companies.

Private Equity backed companies will ultimately utilise the slowing economic environment to reassess their customer offerings, focussing on profitable segments and streamlining their operations such that when economies emerge from the current recessionary period, they will be well positioned to enhance earnings and provide a robust platform to maximise value upon exit. This will ultimately deliver VPEG2B investors with superior risk adjusted returns over the term of the Fund.

REVIEW OF VPEG2B'S OPERATIONS

Vantage Private Equity Growth Trust 2B ('VPEG2B' or 'Fund') is one of the Private Equity funds managed by Vantage Asset Management Pty Ltd which is a leading independent investment management company with expertise in Private Equity, funds management, manager selection and operational management.

VPEG2B comprises one half of a twin trust structure (in conjunction with Vantage Private Equity Growth Trust 2A) which are Australian unit trusts. 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.

VPEG2B continues to build its Private Equity portfolio with additional capital drawn to fund the acquisitions of five new underlying company investments during the year. In addition, the sale of two of VPEG2B's underlying company investments were completed during the year, delivering a strong return to the Fund.

FULLY PAID UNITS ISSUED

The Fund's final close, on 28 May 2015, achieved total investment commitments of $8,847,838 from investors. The initial issue price for units under this offer was $1.00 per unit payable in full upon application. As a result, VPEG2B has on issue 8,847,838, fully paid units with total Paid Capital of $8,904,052 at 30 June 2020.

UNDERLYING PRIVATE EQUITY FUND COMMITMENTS AND INVESTMENTS

Since the commencement of the investment program, VPEG2B has committed $13.1m across eight Private Equity funds and completed one co-investment. As at 30 June 2020, these commitments included $2.4m to Adamantem Capital Fund 1, $2m to each of Allegro Fund II, CHAMP IV, Next Capital Fund III and Odyssey Private Equity Fund 8, $1.2m Mercury Capital Fund 2, NZ$1.0m to Waterman Fund 3, NZ$0.5m to Pencarrow Bridge Fund and a co-investment into Fitzpatrick Financial Group of $0.1m.

There were no additional commitments made to existing or new Private Equity funds during the year ended 30 June 2020.

VPEG2B

TRUSTEE AND MANAGERS' REPORT (CONT.)

VPEG2B'S PRIVATE EQUITY PORTFOLIO AND COMMITMENTS, AS AT 30 JUNE 2020, WERE AS FOLLOWS:

PRIVATE EQUITY FUND NAME	FUND/ DEAL SIZE	VINTAGE YEAR	INVESTMENT FOCUS	VPEG2B COMMITMENT	VPEG2B CAPITAL DRAWN	TOTAL NO. OF INVESTEE COMPANIES	NO. OF EXITS
Next Capital Fund III	$265m	2014	Lower to Mid Market Expansion / Buyout	$2.0m	$1.72m	8	2
Allegro Fund II	$180m	2014	Lower to Mid Market Expansion / Buyout	$2.0m	$1.84m	8	3
Mercury Capital Fund 2	$300m	2015	Lower to Mid Market Expansion / Buyout	$1.2m	$1.09m	7	1
CHAMP IV	$735m	2016	Mid Market Buyout	$2.0m	$1.86m	10	2
Waterman Capital Fund 3	NZ$200m	2016	Lower to Mid Market Expansion / Buyout	NZ$1.0m	$0.73m	4	-
Pencarrow Bridge Fund	NZ$80m	2016	Lower to Mid Market Expansion / Buyout	NZ$0.5m	$0.41m	4	-
Adamantem Capital Fund 1	$591m	2017	Mid Market Expansion / Buyout	$2.4m	$1.89m	6	-
Odyssey Fund 8	$275m	2017	Mid Market Expansion / Buyout	$2.0m	$1.11m	5	-
Co-invest (Fitzpatrick Financial Group	$200m	2017	Mid Market Expansion	$0.1m	$0.13m	1	-
			TOTAL[2]	**$13.1m**	**$10.78m**	**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.

As a result of the continued investment activity by VPEG2B's underlying funds, the total value of funds drawn from VPEG2B into Private Equity investments during the year increased from $9.49m at 30 June 2019 to $10.78m at 30 June 2020, representing a 13.2% increase in drawn capital from VPEG2B across the year.

This resulted in an increase in the number of underlying company investments in VPEG2B's portfolio from forty-eight to fifty three during the year. In addition, nine significant "bolt on" acquisitions were completed by existing portfolio companies and a number of other follow-on investments were also made into existing companies to expand their operations. As a result, VPEG2B had completed 53 underlying company investments as at 30 June 2020.

NEW UNDERLYING PRIVATE EQUITY COMPANY INVESTMENTS COMPLETED DURING THE YEAR INCLUDED:

by Adamantem Capital Fund 1

- **Legend Corporation Ltd (August 2019)**, a leading engineering solutions provider for the Electrical, Power & Infrastructure and Gas & Plumbing industries.

by CHAMP IV

- **Banksmeadow Recycling (September 2019)**, one of Sydney's largest waste transfer stations that services dry waste from the CBD, Eastern Suburbs, inner West and lower North Southern Suburbs.

by Mercury Capital Fund 2

- **National Express Products (NXP) (March 2020)**, an office and facility supply business operating in New Zealand.

by Next Capital Fund III

- **NZ Bus (August 2019)**, the largest urban bus operator in New Zealand, with a modern fleet of over 700 buses operating across 13 depots through key urban centres Auckland, Wellington and Tauranga.

by Odyssey Fund 8

- **Frankie4 (August 2019)**, a leading and award-winning women's supportive footwear label.

SIGNIFICANT BOLT ON ACQUISITIONS COMPLETED DURING THE YEAR INCLUDED:

by Adamantem Capital Fund 1

- **Servian** acquired New Zealand managed services provider **Enterprise IT** in November 2019. Enterprise IT is a software company that provides managed IT services to a variety of top-tier organisations in New Zealand and overseas, particularly airlines and government agencies. The acquisition provides Servian with an expanded product offering in cloud computing, data and artificial intelligence.
- In August 2019, **Zenitas** completed the Bolt-on Acquisition of **Xtra AgedCare** which provides Physiotherapists and Occupational Therapists specific aged care training to ensure maximal clinical and funding outcomes. This strategic add-on gives rise to material cross-sell opportunities for other allied health modalities within Zenitas's extensive portfolio as well as opportunities to win new, national contracts from residential aged care providers.

by Next Capital Fund III

- In August 2020, **Lynch Group** acquired a significant minority holding in **Van de Berg Roses**, one of the biggest international rose growers, operating four large rose farms in China. This acquisition positions the Lynch China business as the largest grower of premium cut flowers in China with a high-quality growing portfolio and multiple Chinese sales channels.

TRUSTEE AND MANAGERS' REPORT (CONT.)

SIGNIFICANT BOLT ON ACQUISITIONS COMPLETED DURING THE YEAR INCLUDED: (CONT.)

by Allegro Fund III

- During the September 2019 quarter, **Journey Beyond** completed two bolt-on acquisitions including **Horizontal Falls Seaplane Adventures** business, an experiential attractions business based out of Broome and **Outback Spirit Tours** business, the premium operator of small group escorted tours with dedicated lodges.
- During November 2019, **Terrex** completed a transformative acquisition of the Australian-based assets of one of its major competitors, **SAE**. The acquisition provides Terrex with complementary vibes and assets to meet a substantial increase in activity levels and materially increases its operating efficiency.

by Mercury Capital Fund II

- In July 2019 **MessageMedia** finalised the acquisition of **ClickSend**, a leading Australian SMS gateway provider who offers a wide range of text messaging services in the communication and marketing arena for Australian and overseas businesses.

by Odyssey Private Equity Fund 8

- In July 2019, **Delta Agribusiness** completed the acquisition of **North West Agriculture (NWAG)**, the leading agricultural supplier in the Wimmera Mallee region. The investment compliments Delta's core strategy to achieve growth by increasing scale and regional diversification.

by Pencarrow Bridge Fund

- In December 2019, **MMC** completed the significant acquisition of **Aegis**, an electronic investment administration service platform. This investment will enable MMC to fast track improvements in Aegis' customer portal, delivering meaningful improvements to customer experience, considerably enhancing the strategic value of MMC.

by Waterman Capital Fund 3

- During March 2020, Waterman Capital Fund 3 portfolio company **TRG Imaging**, completed the bolt-on acquisition of **Canopy Cancer Care**, a leading private clinic for adult cancer patients. Canopy Cancer Care specialises in the care of patients requiring cancer treatment with chemotherapy, immunotherapy, antibody therapy, hormone therapy and more targeted therapies. The Canopy team have been providing high quality services in Auckland for over 10 years, coordinating all aspects of the cancer treatment for their patients.

The table below provides a summary of the top 10 underlying Private Equity investments in VPEG2B's portfolio, for which funds have been drawn from VPEG2B, as at 30 June 2020. As demonstrated in the table, the top 10 investments in VPEG2B's underlying portfolio represented 41.1% of VPEG2B's total Private Equity Portfolio as at 30 June 2020.

RANK	INVESTMENT	FUND	DESCRIPTION	% OF VPEG2'S PRIVATE EQUITY PORTFOLIO	CUMULATIVE %
1	**Funlab**	Next Capital III	Developer & Operator of Entertainment & Leisure Venues	7.4%	7.4%
2	**Heritage Lifecare Limited**	Adamantem Capital Fund 1	New Zealand Aged Care & Retirement Village Operators	5.2%	12.5%
3	**Hellers**	Adamantem Capital Fund 1	Producer of Processed Meat in New Zealand	4.8%	17.3%
4	**Lynch Group**	Next Capital III	Flower & Potted Plant Operator	4.7%	22.0%
5	**Hygain Holdings Pty Ltd**	Adamantem Capital Fund 1	Premium Horse Feed Manufacturer & Distributor	4.3%	26.3%
6	**MessageMedia**	Mercury Capital Fund 2	Business to Person Messaging	3.4%	29.7%
7	**Jaybro Group**	CHAMP IV	Infrastructure Project - Supplier of Consumables	3.1%	32.8%
8	**Mining Technologies Holding Pty Ltd**	Odyssey 8	Leading Global Provider of Data & Voice Communications to the Mining Industry	2.8%	35.6%
9	**Zenitas Healthcare**	Adamantem Capital Fund 1	Community Based Healthcare Provider	2.7%	38.4%
10	**Carpet Court NZ**	Allegro Fund II	Carpet Retailer in New Zealand	2.7%	41.1%

TRUSTEE AND MANAGERS' REPORT (CONT.)

COMPLETED EXITS DURING FY20

During September 2019, **Allegro Fund II** sold the brand, trademarks and other assets of portfolio company **Healthy Life**, to the Woolworths Group.

At the time of the acquisition of Healthy Life in February 2017, the company had over 60 stores nationally that provided 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.

During Allegro's ownership, the business underwent a number of operational turnaround and restructuring strategies to improve profitability and position Healthy Life as a sustainable business.

On 12 November 2019, **Mercury Capital Fund 2** completed the sale of **Nexus Day Hospitals Pty Limited** to the Queensland Investment Corporation (QIC) Global Infrastructure Fund (QGIF), after the company's doctor shareholder partners unanimously approved the sale terms.

Under Mercury's ownership, Nexus became Australia's second largest day hospital platform with a portfolio of twelve day and short-stay hospitals across six states and territories in Australia. Mercury leveraged the strong stakeholder network of Nexus to create a diversified business offering, that provides the medical infrastructure to QGIF across a broad range of low acuity, non-emergency, largely non-elective surgeries for doctors, making it a true essential service provider.

The exit of Nexus delivered Mercury Capital Fund 2 investors, including VPEG2B, a strong return across a 3.5 year hold period. VPEG2's share of the Nexus sale proceeds were received during December 2019.

FINANCIAL PERFORMANCE OF THE FUND

During the year, total distribution income received by the Fund from underlying Private Equity funds was $1,040,929 representing an 8.7% increase over the $957,467 received in FY19. The breakdown of Income for FY20 compared with FY19 is shown in the table below.

SOURCE OF INCOME	FY20 $	FY19 $	% CHANGE OVER FY19
Distribution Income Received from Underlying Private Equity Funds	$1,040,92	$957,467	8.7%
Interest on Cash and Short Term Deposits	$226	$5,992	-96.2%
TOTAL	**$1,041,155**	**$963,459**	**8.1%**

Distributions received from underlying funds during the year were in the form of dividends, capital gains, return of capital and other interest income received from underlying company investments. Distributions received where predominately as a result from the exit of Nexus Day Hospitals and the continual earn out of previously exited underlying companies Containerchain and Pepperstone Group as well as dividends paid from other underlying companies within the portfolio.

VPEG2B's total funds invested in cash and term deposits as at 30 June 2020 was $113,299 (2019: $470,797). The spread of liquid investments across cash and term deposits provides interest income on cash held while ensuring an appropriate level of liquidity to meet the Fund's operational expenses and future calls by underlying Private Equity funds, required for further follow-on investments in underlying portfolio companies.

Operational costs incurred by the Fund during the year increased slightly from $251,421 in FY19 to $311,322 in FY20. The majority of these expenses consisted of costs associated with the management of VPEG2B. The increase in operational expenses was due to the costs associated with the legal fees and interest expense resulting from the Trustee entering into a loan agreement with an independent Private Third-Party Lender to provide the Fund with a short term funding facility.

The facility is being used to bridge investee fund calls needed to be made by VPEG2B. The Trustee has engaged in using this facility to benefit the Fund by allowing flexibility throughout the term of the Fund. This has enabled the Fund to continue draw-downs and other obligations of the Trust under the bridging facility as the Fund further matures over its term.

The Financing is subject to a Loan Agreement dated 19 September 2019 entered into between, among others, the Lender and the Funds. The Financing is secured in favour of the Lender under a General Security Deed dated 19 September 2019 granted by, among others, the Funds over certain assets of the Funds, including cash accounts, the right to receive any future receivables and the right to receive a fixed charge over all assets of the Fund.

The facility limit is $3,000,000 in aggregate across both VPEG2A and VPEG2B with the drawn capital from the facility secured over the cash and Private Equity investments of the Fund. Interest rate applied is fixed at 12% and a maturity date of September 2021.

As a result of the total distribution income exceeding the Fund's total operating expenses, VPEG2B recorded net profit of $374,664 for the year ended 30 June 2020.

A revaluation decrement of $355,169 was booked for the year ended 30 June 2020. This revaluation decrement resulted predominately from the reduction in the unrealised value of twenty underlying companies in VPEG2B's portfolio, due to the impact of COVID-19 on their operations, offset by the increase in value of four underlying companies across the last four months of the 2020 financial year.

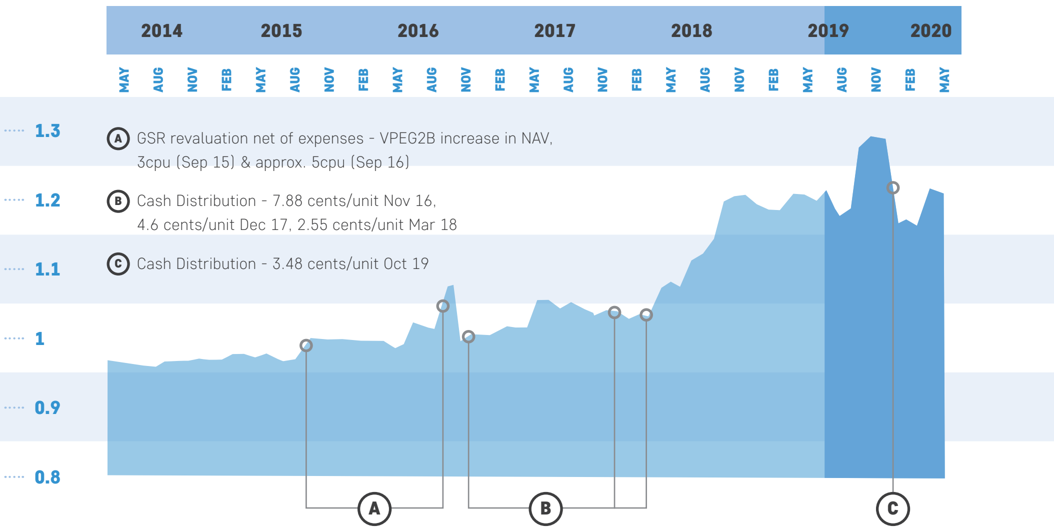
VPEG2's underlying Private Equity fund managers' report that whilst they expect each of their portfolio companies is likely to return to its pre-crisis maintainable earnings, the timing and the extent of recovery remain uncertain. As a result, they do not expect any of these reductions in unrealised values to be permanent but rather reflect the temporary deterioration in trading conditions resulting from the COVID-19 imposed restrictions on the economy.

As a result, Net Assets attributable to Unit Holders increased by 1.7% from $10,319,643 as at 30 June 2019 to $10,490,290 at 30 June 2020. When taking into account the FY20 tax distribution payable of $204,017, the total Net Assets and distribution attributable to Unitholders at 30 June 2020 increased by 3.6% across the year to $10,694,307

TRUSTEE AND MANAGERS' REPORT (CONT.)

CHANGE IN NET ASSET VALUE / UNIT

The graph below details the movement in VPEG2B's Net Asset Value (NAV) per unit since inception through to 30 June 2020.



As demonstrated in the graph above, VPEG2B's Net Asset Value (NAV) increased from $1.201 per unit at 30 June 2019 to $1.209 per unit at 30 June 2020 (prior the FY20 distribution amount of $0.0231 per unit to be paid to VPEG2B Unitholders in October 2020).

The increase in VPEG2B's NAV during the year was due to an increase in value attributed to the addition of five new investments and nine bolt on investments added to VPEG2B's underlying portfolio across the financial year 2020.

VPEG2B's underlying Private Equity fund managers all value their underlying portfolio of companies in accordance with the International Private Equity Investment Valuation Guidelines that have been adopted by the Australian Investment Council (AIC), including the revised "look through" approach, which deducts debt like items and other working capital impacts (i.e. working capital deficits or debt build-ups resulting from the subsequent COVID impact) from the enterprise value, to estimate fair value.

All of VPEG2B's underlying managers adhered to these guidelines and applied these recommendations to all underlying individual investments that VPEG2B has exposure to at period end.

With 85% of VPEG2B'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 occur over the term of the Fund.

In addition, with a further two companies sold from VPEG2B's underlying portfolio across the past financial year, the total number of exits from the portfolio is now eight. These eight exits have delivered VPEG2B a gross 2.72 X return on invested capital across average hold period of 2.8 years.

As a result of the strong level of distributions received from underlying funds across the year as well as the increase in the value of unrealised investments and including distributions paid to Unitholders across the year, the total improvement in Unitholder value across FY20 represented a gain of 4.1%. This has subsequently contributed to a total net of all fees Internal Rate of Return (IRR) for VPEG2B Unitholders of 7.5% p.a. since final close of the Fund on 28 May 2015. As VPEG2B's underlying portfolio further matures, the number of companies sold from the portfolio will accelerate over the course of calendar year 2021 in to 2022, delivering continued distributions and ultimately an attractive risk adjusted return to VPEG2B investors over the term of the Fund.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year there were no significant changes in the state of affairs of the Fund.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to 30 June 2020, VPEG2's underlying Private Equity managers continued to actively engage in communications with the management of each underlying portfolio company to ensure that they remain sufficiently resourced and well positioned from the subsequent economic disruptions.

The current economic contraction has signified the beginning of a new cycle in financial markets and the end of a prolonged period of asset inflation and increasing acquisition multiples. VPEG2's underlying managers' report that purchase multiples are starting to follow a similar downward trajectory, to that seen following the 2000 dot-com crash and the Global Financial Crisis of 2008 to 2010.

As a result, there is likely to be an increase in attractive investment opportunities, with lower than historical acquisition multiples for VPEG2's underlying funds to consider bolt-on investments for existing portfolio companies to maximise value upon exit, throughout the remainder of calendar year 2020 and into 2021. This re-rating of asset prices and Private Equity's ability to consistently outperform during and following recessionary periods, will ultimately deliver VPEG2 Fund investors with strong risk adjusted returns over the term of the Fund.

TRUSTEE AND MANAGERS' REPORT (CONT.)

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR: (CONT.)

Details of VPEG2's underlying investment activities will be provided in the September 2020 quarterly investor report available during early November 2020 on the Fund's website at www.vpeg2.info. The manager expects the number of exits within the underlying portfolio to continue as the Private Equity portfolio matures over the coming year.

In the opinion of the directors, no other matter or circumstance has arisen since 30 June 2020 to the date of this report that otherwise has significantly affected, or may significantly affect:

a) the Fund's operations in future financial years, or

b) the results of those operations in future financial years, or

c) the Fund's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The operations of the Fund will continue as planned with its existing investment operations and add-on investments expected to be made by VPEG2B's underlying private equity funds, as well as an increase in the number of exits from the portfolio.

ENVIRONMENTAL REGULATION

The operations of this Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

INFORMATION ON INVESTMENT COMMITTEE MEMBERS

The following persons served of VPEG2B's Investment, Audit and Risk Committee (Investment Committee) during the whole of the financial year and up to the date of this report:

Roderick H McGeoch AO
Independent Chairman of Investment Committee

Patrick Handley
Independent Investment Committee Member

Paul Scully
Independent Investment Committee Member

Michael Tobin
Investment Committee Member and Managing Director Vantage

David Pullini
Investment Committee Member and Director of Vantage

INFORMATION ON INVESTMENT COMMITTEE MEMBERS

RODERICK H. McGEOCH

AO, LLB

INVESTMENT COMMITTEE CHAIRMAN (INDEPENDENT)

Experience and expertise

Rod is the immediate past Chairman Emeritus of Corrs Chambers Westgarth, a leading Australian law firm and has significant board and advisory experience. His current board positions include; Chairman of Chubb Insurance Australia Limited, Chairman of BGP Holdings PLC, Director of Ramsay Healthcare Limited, Director of Ramsay Healthcare Limited, Director of Destination NSW and a Director of Corporation Airports America. Rod is also deputy Chairman of the Sydney Cricket and Sports Ground Trust. Rod was also previously a member of the International Advisory board of Morgan Stanley Dean Witter, one of the world's leading financial institutions and also the Honorary Chairman of the Trans-Tasman Business Circle and the Co-Chairman of the Australia New Zealand Leadership Forum.

Rod was also the Chief Executive Officer of Sydney's successful Olympic bid and a Director of the Sydney Organising Committee for the Olympic Games. Rod was awarded membership of the Order of Australia for services to Law and the Community in 1990. In 2013 Rod was made an Officer of the Order of Australia (AO) for distinguished service to the community through contributions to a range of organisations and to sport, particularly through leadership in securing the Sydney Olympic Games.

Special responsibilities

Chairman of the Investment Committee and member of the Audit Committee.

PATRICK HANDLEY

B.COM., MBA.

INVESTMENT COMMITTEE MEMBER (INDEPENDENT)

Experience and expertise

Pat has over 30 years of international financial services experience and is currently the Chairman of Mason Stevens Pty Limited. Pat was previously Chairman of Pacific Brands Ltd where he oversaw the turnaround of the company after it was purchased from Pacific Dunlop in a Management Buyout led by the Private Equity fund managers Catalyst and CVC Asia Pacific in 2001.

Pat was also previously an Executive Director and Chief Financial Officer of Westpac Banking Corporation, where during his tenure he established the first Quadrant Capital fund in 1994. Pat has also been Chairman and Chief Executive Officer of County Savings Bank (USA), Chief Financial Officer of BancOne Corporation (USA), and a Director of Suncorp Metway Limited, AMP Limited and HHG.

Pat holds a Bachelor of Commerce in Economics and Mathematics from Indiana University and an MBA from Ohio State University.

Special responsibilities

Chairman of the Audit Committee.

INFORMATION ON INVESTMENT COMMITTEE MEMBERS

PAUL SCULLY

BA, FIAA, FAICD

INVESTMENT COMMITTEE MEMBER (INDEPENDENT)

Experience and expertise

Paul has spent 40 years in financial services and has extensive local and international experience in many aspects of institutional investment management, covering business and asset management, M&A and Private Equity. Paul is a director of AMP's Superannuation Trustee and a member of the Investor Review Committees of two of the Australian Prime Property Funds and the REI Super Investment Committee. Past positions include director roles at SAS Trustee Corporation, a NSW Government employee superannuation fund, its financial planning subsidiary State Plus and ING Management Pty Ltd, the responsible entity for the listed property funds of the ING Group in Australia, including the ING Office Fund & ING Industrial Fund, both past ASX top 100 entities.

Paul is the former CEO and Managing Director of ING Investment Management (INGIM) Asia Pacific and a member of INGIM's Global Management Board. Paul was responsible for establishing INGIM's Private Equity multi manager investment program in 1997 and was part of the team that subsequently built that business to approximately $300m of funds under management. During his tenure, INGIM invested in many Private Equity funds managed by close to 20 Australian Private Equity fund managers.

Paul is an actuary by profession and has also written extensively on finance related topics.

MICHAEL TOBIN

B.E., MBA, DFS, FAICD

INVESTMENT COMMITTEE MEMBER AND MANAGING DIRECTOR OF VANTAGE

Experience and expertise

Michael is the Managing Director of Vantage and is responsible for overseeing the implementation of the Fund's investment strategy. Michael has over 30 years' experience in Private Equity management, advisory and investment as well as in management operations.

Michael was formerly Head of Development Capital and Private Equity at St George Bank where he was responsible for the management and ultimate sale of the bank's commitments and investments in $140m worth of St George branded Private Equity funds. Michael also established the bank's Private Equity advisory business, which structured and raised Private Equity for corporate customers of the bank. Michael has arranged and advised on direct Private Equity investments into more than 40 separate private companies in Australia across a range of industry sectors.

Michael holds a BE (UNSW), an MBA (AGSM) and a Diploma of Financial Services (AFMA).

Special responsibilities

Managing Director of Vantage and Executive Member of the Audit Committee.

DAVID PULLINI

BE, MBA, GDAFI.

INVESTMENT COMMITTEE MEMBER AND DIRECTOR OF VANTAGE

Experience and expertise

David is a Director of Vantage and has more than 25 years of general management, business development, investment, advisory, acquisitions and divestment experience. In 2005 David was a founding partner of O'Sullivan Pullini, a firm that became recognised as a leading investment bank in Australia. O'Sullivan Pullini completed M&A transactions worth over A$10 billion in value across multiple industry sectors and to a broad cross-section of clients. The firm was particularly active in advising in the Private Equity space, including successful advisory mandates for Kohlberg Kravis Roberts (KKR) on the acquisition of the Australian businesses of Cleanaway and Brambles Industrial Services from Brambles Industries, the establishment of a A$4 billion joint venture with the Seven Network and the later divestment of Cleanaway.

Prior to co-founding O'Sullivan Pullini, David managed international corporate businesses for fifteen years in Australia and Europe. For the eight years David was based in Europe, he managed a portfolio of Brambles European based businesses. David has deep experience and understanding of the key drivers of profitable business growth and the levers of value creation. David holds a BE Hons. (UTS), an MBA (IMD) and a Graduate Diploma of Applied Finance (SIA).

Special responsibilities

Director of Vantage and Executive Member of the Investment Committee.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Trustee paid a premium of $26,152 (2019: $20,457) in relation to insurance cover for Vantage Asset Management Pty Limited and its Directors and officers and investment committee members.

Under VPEG2B's trust deed, Vantage Asset Management Pty Limited, may indemnify the investment committee member out of VPEG2B's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its power, duties or rights in relation to VPEG2B.

The Trustee indemnifies the directors and officers on a full indemnity basis and to the full extent possible permitted by law against all losses, liabilities, costs charges and expenses incurred by the officer as an officer of the company or by a related body corporate. The company may, to the extent permitted by law, purchase and maintain insurance, and pay or agree to pay a premium of insurance for each officer against any liability incurred by the officer as an officer of the company or a related body corporate including but not limited to a liability for negligence or for reasonable costs and expenses incurred in defending proceedings. In addition, the company and each director have entered into a deed which gives the director a contractual right:

a) to an indemnity from the company for liabilities incurred as an officer of the company, to the extent permitted by the Corporations Act;

b) to directors' and officers' insurance cover, as permitted in the Corporations Act, for the period that each director is a director of the company and for 7 years after that director ceases to hold office; and

c) to access documents and records of the company both while the director is a director of the company and after that director ceases to hold office for the purposes expressly permitted by the deed.

TRUSTEE AND MANAGERS' REPORT (CONT.)

PROCEEDINGS ON BEHALF OF THE FUND

No person has applied to the Court to bring proceedings on behalf of the Trustee or intervene in any proceedings to which the Trustee is a party for the purpose of taking responsibility on behalf of the Trustee for all or any part of those proceedings.

The Trustee was not a party to any such proceedings during the year.

This report has been made in accordance with a resolution of the directors.

Michael Tobin
Managing Director

David Pullini
Director

Sydney
30 October 2020

VANTAGE PRIVATE EQUITY GROWTH TRUST 2B
FINANCIAL STATEMENTS

VANTAGE PRIVATE EQUITY GROWTH TRUST 2B

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 $	2019 $
INVESTMENT INCOME			
Distribution income	2	**1,040,929**	957,467
Interest income		**226**	5,992
Net gains / (losses) on investments held at fair value	5a	**(355,169)**	252,967
Total investment income		**685,986**	1,216,426
OPERATING EXPENSES			
Audit fees - current year		**(16,016)**	(8,743)
Audit fees - prior year		**(1,171)**	(6,723)
Interest expense		**(36,733)**	-
Investment administration fees		**(12,311)**	(12,244)
Investment committee fees		**(50,832)**	(50,542)
Legal and insurance fees		**(9,050)**	-
Management fees		**(168,925)**	(155,848)
Registry fees		**(5,578)**	(4,817)
Tax compliance fees		**(9,180)**	(10,975)
Other expenses		**(1,526)**	(1,529)
Total expenses		**(311,322)**	(251,421)
Profit from operating activities		**374,664**	965,005
Profit for the year		**374,664**	965,005
OTHER COMPREHENSIVE INCOME			
Total other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**374,664**	965,005

The accompanying notes form part of these Financial Statements.

VANTAGE PRIVATE EQUITY GROWTH TRUST 2B

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	NOTE	2020 $	2019 $
ASSETS			
Current assets			
Cash and cash equivalents	3	**113,299**	470,797
Receivables	4	**6,301**	77,575
Total current assets		**119,600**	548,372
Non-current assets			
Investments at fair value	5	**11,039,240**	10,146,362
Total non-current assets		**11,039,240**	10,146,362
Total assets		**11,158,840**	10,694,734
LIABILITIES			
Current liabilities			
Creditors	6	**49,981**	67,272
Distribution payable	7	**204,017**	307,819
Total current liabilities		**253,998**	375,091
Non-current liabilities			
Borrowings	8	**414,552**	-
Total non-current liabilities		**414,552**	-
Total liabilities		**668,550**	375,091
Net assets attributable to Unitholders		**10,490,290**	10,319,643

The accompanying notes form part of these Financial Statements.

VANTAGE PRIVATE EQUITY GROWTH TRUST 2B

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 $	2019 $
Net Assets attributable to Unitholders at the beginning of the year		**10,319,643**	9,662,457
TRANSACTIONS WITH UNITHOLDERS, IN THEIR CAPACITY AS UNITHOLDERS			
Distributions paid / payable to Unitholders	13	**(204,017)**	(307,819)
Total transactions with Unitholders		**(204,017)**	(307,819)
COMPREHENSIVE INCOME			
Profit for the year attributable to Unitholders	12	**374,664**	965,005
Total comprehensive income		**374,664**	965,005
Change in net assets attributable to Unitholders	9	**10,490,290**	10,319,643

The accompanying notes form part of these Financial Statements.

VANTAGE PRIVATE EQUITY GROWTH TRUST 2B

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 $	2019 $
Cash flows from operating activities			
Income distributions received		**1,111,916**	886,480
Interest received		**226**	6,244
Expenses paid to suppliers		**(291,593)**	(229,918)
Interest paid		**(19,857)**	-
Net cash from operating activities	15	**800,692**	662,806
Cash flows from investing activities			
Payments to acquire financial assets	5a	**(1,248,047)**	(3,006,074)
Net cash used in investing activities		**(1,248,047)**	(3,006,074)
Cash flows from Financing / Unitholders' activities			
Proceeds from borrowings		**1,067,819**	-
Repayment of borrowings		**(670,143)**	-
Distributions paid to Unitholders	7	**(307,819)**	-
Net cash (used in) Financing / Unitholders'		**89,857**	-
Net decrease in cash and cash equivalents		**(357,498)**	(2,343,268)
Cash and cash equivalents at beginning of the year		**470,797**	2,814,065
Cash and cash equivalents at end of the year	3	**113,299**	470,797

The accompanying notes form part of these Financial Statements.

VANTAGE PRIVATE EQUITY GROWTH TRUST 2B

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Financial reporting framework

Vantage Private Equity Growth Trust 2B ("the Fund, VPEG2B") is not a reporting entity as in the opinion of the directors of Vantage Asset Management Pty Limited ("the Trustee") as there are unlikely to exist any users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this special purpose financial report has been prepared to satisfy the reporting requirements under the Fund's Trust Deed.

The financial statements are presented in Australian dollars and were authorised for issue on 30 October 2020.

Statement of Compliance

This special purpose financial report has been prepared in accordance with the Fund's Trust Deed, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations and the disclosure requirements of Accounting Standards AASB 101 "Presentation of Financial Statements", AASB 108 "Accounting Policies, Changes in Accounting Estimates and Errors", AASB 107 "Statement of Cash Flows" and AASB 1054 'Australian Additional Disclosures". The disclosure requirements of other accounting standards have not been adopted in full. AASB 127 "Consolidated and Separate Financial Statements" has not been adopted in preparation of this special purpose financial report.

Significant accounting policies

Significant accounting policies adopted in the preparation of the financial statements are set out below. Accounting policies have been consistently applied to the period presented, unless otherwise stated.

Basis of Preparation

The financial report is prepared on an accruals basis and is based on historical costs, except for the revaluation of certain financial instruments which are carried at their fair values. Cost is based on the fair value of the consideration given in exchange for assets.

New and revised standards that are effective for these financial statements

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2019 that have a material impact on the amounts recognised in prior periods or will affect the current or future periods.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

a) Cash and cash equivalents

Cash comprises cash at banks and on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

b) Revenue

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Fund distributions are recognised as revenue when the right to receive payment is established. Distribution income includes return of capital and capital gains arising from the disposal of underlying investments. Unrealised gains and losses are not assessable or distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any future realised capital gains.

c) Investments

Financial assets at fair value through profit or loss

Under AASB 9, financial instruments are classified as fair value through profit or loss. The equity instruments are measured at fair value with changes in the fair value being recognised directly to profit or loss. The Fund classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Fund's portfolio of financial assets is managed and its performance is evaluated on a fair value basis.

The Fund recognises financial assets on the date it becomes party to the contractual agreement (or when capital is called for investments) and recognises changes in the fair value of the financial assets from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all of the risks and rewards of ownership.

At initial recognition, the Fund measures financial assets at fair value. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or at fair value through profit or loss category are presented in the statement of comprehensive income in the period in which they arise.

d) Expenses

Expenses are brought to account on an accruals basis.

e) Distributions and Taxation

Under current legislation, the Fund is not subject to income tax as its taxable income (including assessable realised capital gains) is distributed in full to the investors.

The Fund fully distributes its distributable income, calculated in accordance with VPEG2B's Trust Deed and applicable taxation legislation and any other amounts determined by the Trustee, to Unitholders by cash or reinvestment.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to Unitholders but are retained in the Fund to be offset against any future realised capital gain. If realised capital gains exceed realised capital losses the excess is distributed to the Unitholders.

The benefits of imputation credits and passed on to Unitholders.

VANTAGE PRIVATE EQUITY GROWTH TRUST 2B

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

f) Net Assets Attributable to Unitholders

Unitholders' funds are classified as financial liabilities. The interim distribution and proposed distributions payable to Unitholders on these funds are recognised in the income statement as finance costs.

Non-distributable income is transferred directly to the Net Assets Attributable to Unitholders' and may consist of changes in the fair value of the investments, accrued income not yet assessable, expenses provided or accrued which are not yet deductible, net capital losses and tax free or tax deferred income previously taken directly to unitholders' funds. Accrued income not yet assessable will be included in the determination of distributable income in the same period in which it becomes assessable for tax.

Net assets attributable to interest holders also includes amounts payable to interest holders in respect of distributions.

g) Trade and Other Receivables

Trade and other receivables are measured at amortised cost less any impairment.

h) Finance costs

Income distributions paid and payable on units are recognised in the profit and loss as finance costs and as a liability where not paid. Distributions paid are included in cash flows from operating activities in the statement of cash flows.

i) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Trust by third parties such as audit fees and investment management fees have been passed onto the Trust. The Trust qualifies for Reduced Input Tax Credits hence expenses have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office (ATO).

Accounts payable are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Statement of Financial Position.

Cash outflows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

j) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

k) Foreign Currency Transactions

Both the functional and presentation of the Fund is Australian dollars.

Monetary assets and liabilities dominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

Investments held in foreign trusts are initially recorded in the functional currency at the exchange rate ruling at the date of transaction. Any subsequent effects of exchange rate fluctuations are treated as part of the fair value adjustment.

l) Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are expensed in the period in which they occur.

m) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Fund's financial liabilities include trade and other payables, loans and borrowings.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

n) Critical Accounting Estimates and Judgments

In the application of the Fund's accounting policies, the trustee is required to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually base its judgements, estimates and assumptions on historical experience and other factors that are considered to be relevant. The accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

VANTAGE PRIVATE EQUITY GROWTH TRUST 2B

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

n) Critical Accounting Estimates and Judgments (CONT.)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

a) *Fair value of financial instruments*

The valuation of investments is based upon the net assets attributable to interest holders as noted in the underlying investee funds' audited financial statements. Each investee fund will select an appropriate valuation technique for financial instruments that are not quoted in an active market. This valuation is based upon a fair estimation of values (which are subjective in nature and involve uncertainties and matters of significant judgement (e.g. interest rates, market volatility, investment stage, estimated cash flows etc.) as determined by the Manager of the investees on the following basis:

i) *Fair value information*

The fair values of financial assets are determined by reference to active market transactions where possible, however the majority of managed investee companies are unlisted Australian companies and there are no direct, quoted market prices available.

In this case, fair value estimates are made at a specific point in time, based on market conditions and information about the specific financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement (e.g. interest rates, market volatility, investment stage, estimated cash flows etc) and therefore cannot be determined with precision.

Valuations are inherently based on forward looking estimates and judgements about the underlying business, its market and the environment in which it operates.

ii) *Fair estimation of values*

Where new investments are made within the reporting year and no significant changes have occurred in the underlying business since acquisition, the investment may be maintained at cost or fair value.

Estimated valuations for other entities are primarily based on multiples of EBITDA or EBIT, depending on the industry for each investee. In estimating the valuations, a range of multiples is used to determine a range of outcomes. EBITDA or EBIT are based on forward estimates of the investees' performance based on past, present and future views of performance.

iii) *Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the fund based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the investee operates.

NOTE 2. REVENUE AND OTHER INCOME

	NOTE	2020 $	2019 $
Distribution income			
INCOME DISTRIBUTIONS RECEIVED			
Interest income		**44,838**	54,130
Dividend income (excluding franking credits)		**637**	69,840
Foreign income		**560,952**	66,932
Capital gains		**255,349**	497,639
Return of capital / deferred tax		**179,153**	268,926
Total distributions income	5b	**1,040,929**	957,467

NOTE 3. CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Cash at bank	**113,299**	470,797
Term deposits	**-**	-
	113,299	470,797

Reconciliation of cash

CASH AT THE END OF THE FINANCIAL YEAR AS SHOWN IN THE CASH FLOW STATEMENT IS RECONCILED TO ITEMS IN THE BALANCE SHEET AS FOLLOWS:

	2020 $	2019 $
Cash and cash equivalents	**113,299**	470,797

NOTE 4. RECEIVABLES

Current

	2020 $	2019 $
GST receivable	**6,301**	6,588
Other receivable	**-**	70,987
Total other receivables	**6,301**	77,575

VANTAGE PRIVATE EQUITY GROWTH TRUST 2B

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 5. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	NOTE	2020 $	2019 $
NON-CURRENT			
INTERESTS IN UNLISTED PRIVATE EQUITY FUNDS / LIMITED PARTNERSHIPS AT FAIR VALUE THROUGH PROFIT OR LOSS:			
Fair value of investments through profit or loss	5a	**11,039,240**	10,146,362

a) Movements in fair values

MOVEMENTS IN CARRYING AMOUNTS FOR FAIR VALUE OF INVESTMENTS THROUGH PROFIT OR LOSS BETWEEN THE BEGINNING AND THE END OF THE YEAR.

	NOTE	2020 $	2019 $
Investments at fair value at beginning of the year		**10,146,362**	6,887,321
Calls paid to underlying investee funds during the year		**1,248,047**	3,006,074
Net gains on investments held at fair value	5b	**(355,169)**	252,967
Investments at fair value at the end of the year		**11,039,240**	10,146,362

b) Net investment revaluations includes the impact of distributions received during the year:

	2020 $	2019 $
Distributions received by VPEG2B from underlying investee funds during the year	**(1,040,929)**	(957,467)
VPEG2B's share of movement in underlying investee funds during the year	**685,760**	1,210,434
Net gain / (loss) on investment held at fair value through profit or loss	**(355,169)**	252,967

c) Vantage Private Equity Growth Trust 2B (VPEG2B) has committed capital to foreign investments amounting to NZ$1,457,600 in New Zealand (2019: NZ$1,457,600).

NOTE 6. CREDITORS

Current

	2020 $	2019 $
Accounts payable	**25,731**	44,772
Other creditors and accruals	**24,250**	22,500
	49,981	67,272

NOTE 7. DISTRIBUTION PAYABLE

	2020 $ PER UNIT	2019 $ PER UNIT	NOTE	2020 $	2019 $
CURRENT					
DISTRIBUTION PAYABLE					
Income distribution payable	**0.023**	0.035	9	**204,017**	307,819

The distribution payable for the year ended 30 June 2019 was paid on 28 October 2019.

NOTE 8. SHORT-TERM LOAN

	NOTE	2020 $	2019 $
Current interest-bearing loans and borrowings			
Short-term loan		**414,552**	-

a) Facility terms

The loan balance represents total funds drawn down plus capitalised interest as per the Loan Agreement. The facility limit is $3m and is secured over the cash and private equity investments of the Fund. The interest rate applied on funds drawn from the facility is fixed at 12% p.a. with a maturity date of September 2021.

NOTE 9. NET ASSETS ATTRIBUTABLE TO INTEREST HOLDERS

Issued units	10	**8,904,052**	8,904,052
Accumulated Income	12	**3,427,904**	3,053,240
Distributions paid to Unitholders	13	**(1,841,666)**	(1,637,649)
Closing balance		**10,490,290**	10,319,643

VANTAGE PRIVATE EQUITY GROWTH TRUST 2B

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 10. UNITS ISSUED AND PAID CAPITAL

	NUMBER OF UNITS	NOTE	2020 $	2019 $
8,847,838 units issued	8,847,838	9	**8,904,052**	8,904,052

No additional units were issued during the year.

All interests in VPEG2B are of the same class and carry equal rights. Under VPEG2B's trust deed, each interest represents a right to an individual share in VPEG2B and does not extend to a right to the underlying assets of VPEG2B.

NOTE 11. INVESTMENT REVALUATION RESERVE

	NOTE	2020 $	2019 $
a) Movement in reserves			
Opening balance		-	1,263,386
Adjustment on adoption of AASB 9	12	-	1,263,386
Closing balance		-	-

Upon the adoption of AASB 9 Financial Instruments, the accumulated net revaluation increments as at 1 July 2019 were transferred to retained earnings and the current year movements in the fair value of private equity financial assets are recognised in the profit or loss.

NOTE 12. ACCUMULATED INCOME

	NOTE	2020 $	2019 $
Accumulated income		**3,427,904**	3,053,240

a) Movement in accumulated income

	NOTE	2020 $	2019 $
Opening balance		**3,053,240**	824,849
Adjustment on adoption of AASB 9	11	**-**	1,263,386
Net operating income for the year		**374,664**	965,005
Closing balance	9	**3,427,904**	3,053,240

NOTE 13. DISTRIBUTIONS TO UNITHOLDERS

	2020 $	2019 $
Distributions to Unitholders		
Distributions paid	**(1,841,666)**	(1,637,649)

a) Movement in distributions paid

	2020 $ PER UNIT	2019 $ PER UNIT	NOTE	2020 $	2019 $
Opening balance	**$0.185**	$0.150		**(1,637,649)**	(1,329,830)
Distributions payable at year end	**$0.023**	$0.035		**(204,017)**	(307,819)
Closing balance	**$0.208**	$0.185	9	**(1,841,666)**	(1,637,649)

b) Distribution owing at 30 June 2019 ($0.035 per unit) was paid to Unitholders during October 2019.

VANTAGE PRIVATE EQUITY GROWTH TRUST 2B

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

There are no contingent liabilities requiring disclosure in the financial report.

Contingent Assets

There are no contingent assets requiring disclosure in the financial report.

NOTE 15. NOTES TO THE STATEMENT OF CASH FLOWS

	2020 $	2019 $
a) Reconciliation of profit or loss for the period to net cash flows from operating activities:		
Net operating profit for the year	**374,664**	965,005
NON-CASH FLOWS IN PROFIT		
Revaluation of investments	**355,169**	(252,967)
Capitalised interest on short-term loans	**16,876**	-
CHANGES IN ASSETS AND LIABILITIES:		
(Increase)/decrease in receivables	**71,274**	(71,179)
Increase/(decrease) in creditors	**(17,291)**	21,947
Cash flow from operations	**800,692**	662,806

NOTE 16. EVENTS AFTER THE BALANCE SHEET DATE

The COVID-19 pandemic is impacting the current economic climate in which the underlying investee fund's portfolio of investments operate both directly and/or indirectly:

a) Valuations at year-end have been prepared based upon underlying audited financial statements of investee funds assimilating all the known factors at that time;

b) Any forecasts and budgets used by investee funds in the valuation approach are subject to variations beyond the underlying fund managers control. However continued market uncertainties exist subsequent to year end and Vantage Private Equity Growth 2B's Manager, Vantage Asset Management Pty Limited, is in constant contact with the management of its underlying investee funds to assess the impact (if any); and

c) Valuations are monitored and adjusted, where required, on a month to month basis, as investee funds provide updated net asset valuations which are based upon their own forecasts and budgets as they become available.

There have not been any other matters or circumstances that have arisen since the end of the financial year that has significantly affected, or may significantly affect, the results of those operations of the Fund in future financial years.

NOTE 17. TRUSTEE AND MANAGER DETAILS

The registered office and principal place of business of Vantage Asset Management Pty Limited is:

Level 29 Chifley Tower
2 Chifley Square
Sydney NSW 2000
Australia

DIRECTORS' DECLARATION OF THE TRUSTEE COMPANY

As detailed in Note 1 to the financial statements, the Fund is not a reporting entity because in the opinion of the directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this special purpose financial report has been prepared to satisfy the directors' reporting requirements under the Fund's Trust Deed.

The director of Vantage Asset Management Pty Limited also declare that:

a) in the directors' opinion, the attached financial statements and notes, as set out on pages 24 to 39, present fairly the Fund's financial position as at 30 June 2020 and of its performance for the year ended on that date and comply with accounting standards to the extent disclosed in Note 1 to the financial statements;

b) in the director's opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Director of the Trustee Vantage Asset Management Pty Limited.

Michael Tobin
Managing Director

David Pullini
Director

Sydney
30 October 2020

INDEPENDENT AUDITOR'S REPORT

EY Building a better working world

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Independent Auditor's Report to the unitholders of Vantage Private Trust 2B

Opinion

We have audited the financial report, being a special purpose financial report, of Vantage Private Trust 2B (the Trust), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Trust as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with the financial reporting requirements of the Trust Deed.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Trust in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors for the Financial Report

The directors of the Trustee Company are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the Trust Deed and is appropriate to meet the needs of the unitholders. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

INDEPENDENT AUDITOR'S REPORT

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As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Ernst & Young
Sydney
30 October 2020

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