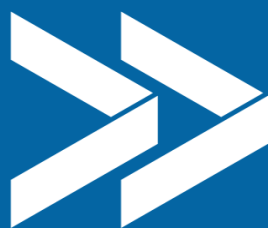


VPEG2

DIVERSIFY
GROW
OUTPERFORM



Vantage Private Equity Growth 2
Quarterly Report
31 December 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 31 December 2020, VPEG2's investment commitments include; \$10m to Adamantem Capital Fund I; \$8m to each of CPE Capital 8 (formally 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.

PERFORMANCE

SPECIAL POINTS OF INTEREST

Next Capital Fund III announces the sale of Australia's leading out-of-home entertainment business Funlab, to the Asian arm of TPG Capital

Strong earnings growth by a majority of VPEG2's underlying companies delivers an average increase in portfolio value of 9.8% across the quarter

VPEG2's performance continues to improve as the portfolio matures, with VPEG2A & VPEG2B delivering net returns of 14.7% p.a. and 9.9% p.a. since inception in May 2015

Adamantem Capital Fund I announces the sale of Servian to US technology firm Cognizant Technology Solutions Corporation

The period 1 October 2020 to 31 December 2020 saw extensive activity across VPEG2's portfolio with three Bolt-on investments being completed and added to three existing portfolio companies as well as the announcement of one exit of an underlying portfolio company at quarter end. Subsequent to quarter end one further exit was announced from VPEG2's underlying portfolio.

As the COVID-19 health crisis abated in Australia and New Zealand throughout the quarter, VPEG2's underlying managers continued to focus on working alongside management teams as they progress with their strategic agendas to deliver growth in each portfolio company.

VPEG2's Private Equity managers' report that trading across all underlying portfolio companies is robust, with liquidity levels remaining strong in each company and a significant majority of portfolio companies executing strategic initiatives in line with budget.

Capital calls were received by VPEG2 from two underlying funds across the quarter, with majority of the called capital required to fund VPEG2's share of the bridge funding facility used in a previously completed underlying investment. Additional capital was also called for the costs associated with the operations of underlying funds, including management fees and due diligence costs.

The table on the following page provides a summary of the performance of VPEG2's portfolio as at 31 December 2020. VPEG2A's Net Asset Value (NAV) per unit increased by 8.07% across the quarter from \$1.289 at 30 September 2020 to \$1.393 per unit at 31 December 2020. VPEG2B's NAV increased by 11.52% across the quarter from \$1.267 at 30 September 2020 to \$1.413 per unit at 31 December 2020. The increase in VPEG2's NAV resulted from the increase in unrealised value of a majority of the underlying portfolio companies across the quarter. The uplift in unrealised value across the portfolio throughout the quarter was attributed to increased earnings across the portfolio of companies as a result of the continued increase in business and consumer spending and further easing of COVID-19 related restrictions during the period.

VPEG2 SUMMARY PERFORMANCE AT 31 DECEMBER 2020

VPEG2 Entity	Cash	Fixed Interest	Private Equity (Value)	Paid Capital (\$ / Unit)	NAV (\$ / Unit)	Cumulative Distributions Paid (\$ / Unit)	Total Value + Distributed	Net IRR Since Inception (p.a.)
VPEG2A	1.7%	0.1%	98.2%	1.00	1.393	0.169	1.562	14.7%
VPEG2B	0.8%	0.0%	99.4%	1.00	1.413	0.208	1.621	9.9%

Due to the increase in value of VPEG2's underlying portfolio across the quarter, VPEG2's returns to Investors continues to improve as the portfolio matures

As a result VPEG2A and VPEG2B have generated a net of fees Internal Rate of Return (IRR) of 14.7% p.a. and 9.9% p.a. respectively, as at 31 December 2020 since the final close of VPEG2 on 28 May 2015.

VPEG2's portfolio value is well placed to continue to grow as underlying fund managers further maximise the value of each portfolio company prior to exit. It is anticipated that as fund managers enter into the final stages of negotiating the sale of a number of company investments, the level of exits from VPEG2's portfolio will increase across the next three to six months. These exits will deliver further distributions across 2021 to VPEG2 investors, which will contribute to ultimately deliver strong risk adjusted returns to investors over the term of the Fund.

KEY PORTFOLIO DEVELOPMENTS

The December 2020 quarter, saw extensive activity across VPEG2's portfolio with three Bolt-on investments completed and added to three existing portfolio companies as well as the announcement of one exit of an underlying portfolio company at quarter end. Subsequent to quarter end, one further exit was announced from VPEG2's underlying portfolio.

A total of \$298,278 was called from VPEG2 during the quarter, by CPE Capital 8 (formally CHAMP IV) and Waterman Capital Fund 3. The majority of the capital drawn throughout the quarter was to repay VPEG2's share of underlying investment Banksmeadow Recycling completed by CPE Capital 8 using their bridge funding facility in October 2019. The remaining call was to fund the costs associated with the operations of Waterman Capital Fund 3 during the period.

During October 2020, Mercury Capital Fund 2 investee, Tamaki Health, completed the Bolt-on acquisition of Shirley Medical Centre, a provider of primary medical services located in Christchurch, New Zealand.

During November 2020, Mercury Capital Fund 2 investee, MessageMedia, completed the Bolt-on acquisition of SimpleTexting a US-based mass messaging business servicing over 10,000 business customers. This acquisition extends MessageMedia's footprint in the fragmented North American market and will allow the business to continue its significant growth with additional resources and growth.

During December 2020, Adamantem Capital Fund I investee, Legend Corporation, completed the Bolt-on acquisition of MPower Group, a business that distributes a number of products that include; emergency and evacuation lighting, off-grid renewable power systems and industrial batteries. This investment in MPower will drive new opportunities that increases Legends distribution capabilities in Australia and New Zealand, whilst broadening the company's customer and distribution network.

Also during December 2020, Next Capital Fund III announced that they had come to an agreement to sell Australia's leading out-of-home entertainment business Funlab, to the Asian arm of TPG Capital.

Subsequent to the December 2020 quarter end, Adamantem Capital Fund I announced that they had entered into a binding agreement to sell 100% of its shares in Servian to US technology firm Cognizant Technology Solutions Corporation ("Cognizant"), representing Adamantem Capital Fund I's first exit.

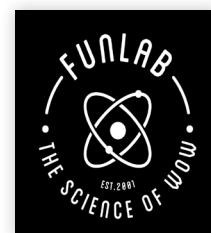
During the quarter, VPEG2 received distributions totaling \$2,119,421 from underlying funds CPE Capital 8, Waterman Fund 3, Adamantem Capital Fund I and Odyssey Fund 8. The distribution from CPE Capital 8 resulted from distributions from investee companies Panthera and Banksmeadow Recycling as well as further proceeds from previously exited portfolio company Pepperstone Group. The Waterman distribution represented dividends paid from a number of companies within the Waterman portfolio due to improved financial performance across the year. The Adamantem distribution was due to the refinancing of underlying investment Heller's, as a result of that portfolio company's strong operating performance. The distribution from Odyssey was related to the dividends received from underlying investment Frankie4 as a result of strong earnings growth across the year.

With ten investments completed by CPE Capital 8, eight by each of Allegro Fund II and Next Capital Fund III, seven by Mercury Capital Fund 2, six by Adamantem Capital Fund I, 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 31 December 2020 was 53, with eight exits completed to date.

RECENTLY ANNOUNCED EXITS

FUNLAB - NEXT CAPITAL FUND III

On 22 December 2020, VPEG2 investee Next Capital Fund III announced that they had entered into an agreement to sell Funlab to the Asian arm of TPG Capital.



Next Capital acquired a majority stake in out-of-home entertainment business Funlab in December 2016, partnering alongside Funlab CEO and founder. At the time of acquisition, Funlab owned Strike bowling venues, four Sky Zone trampoline venues and had newly opened Australia's first mini golf concept with a fully licenced bar; Holey Moley.

Under Next Capital's ownership, Funlab, became Australia's leading consumer hospitality firm with 44 venues spanning over Australia, New Zealand and Singapore. Next Capital achieved this growth through a number of strategies, namely through the deployment of a material amount of capital to facilitate the business' roll-out strategy, particularly for Strike and Holey Moley venues, with a focus on delivering returns on incremental capital above each venues cost of capital.

The transaction is subject to the Foreign Investment Review Board's (FIRB) approval, though the transaction is expected to be completed by 31 March 2021. Once completed the Funlab exit will deliver Next Capital Fund III investors, including VPEG2 top tier performing returns across a 4.3 year investment Period.

SERVIAN - ADAMANTEM CAPITAL FUND I

On 11 January 2021, VPEG2 investee Adamantem Capital Fund I announced that they had entered into a binding agreement to sell 100% of its shares in Servian to US technology firm Cognizant Technology Solutions Corporation ("Cognizant"), representing Adamantem Capital Fund I's first exit for that Fund.



Adamantem acquired Servian in June 2018 with the investment thesis centered around using Servian as a platform asset to build an independent, data and analytics focused IT services company of scale in Australia and New Zealand. Adamantem's strategy was to accelerate growth in both existing and new clients by investing in recruitment and business development; make strategic acquisitions to both expand the core practice and extend into adjacency services; and launch in new international markets to expand the geographic footprint.

The management team successfully executed on this strategy and since June 2018 has grown the number of consultants from 200 to over 500. In addition, Servian acquired two complementary businesses to expand the service offering and scale the New Zealand operations, established a greenfield presence in Singapore and the UK, and deepened its tier 1 cloud partnerships.

Once completed, this exit will provide Adamantem Capital Fund I investors, including VPEG2 with a strong return across a 2.5 year investment period.

PORTFOLIO STRUCTURE

VPEG2's PORTFOLIO STRUCTURE - 31 DECEMBER 2020

The tables and charts below provide information on the breakdown of VPEG2's investments as at 31 December 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	Fixed Interest Investments	Private Equity	
1.7%	0.1%	Later Expansion	28.5%
		Buyout	69.7%

VPEG2B			
Cash	Fixed Interest Investments	Private Equity	
0.8%	0.0%	Later Expansion	29.4%
		Buyout	69.8%

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 31 December 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
CPE Capital 8	\$735m	2016	Mid Market Buyout	\$6.0m	\$2.0m	\$5.61m	\$1.87m	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 I	\$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	\$31.29m	\$10.85m	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 TOP 10 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 31 December 2020.

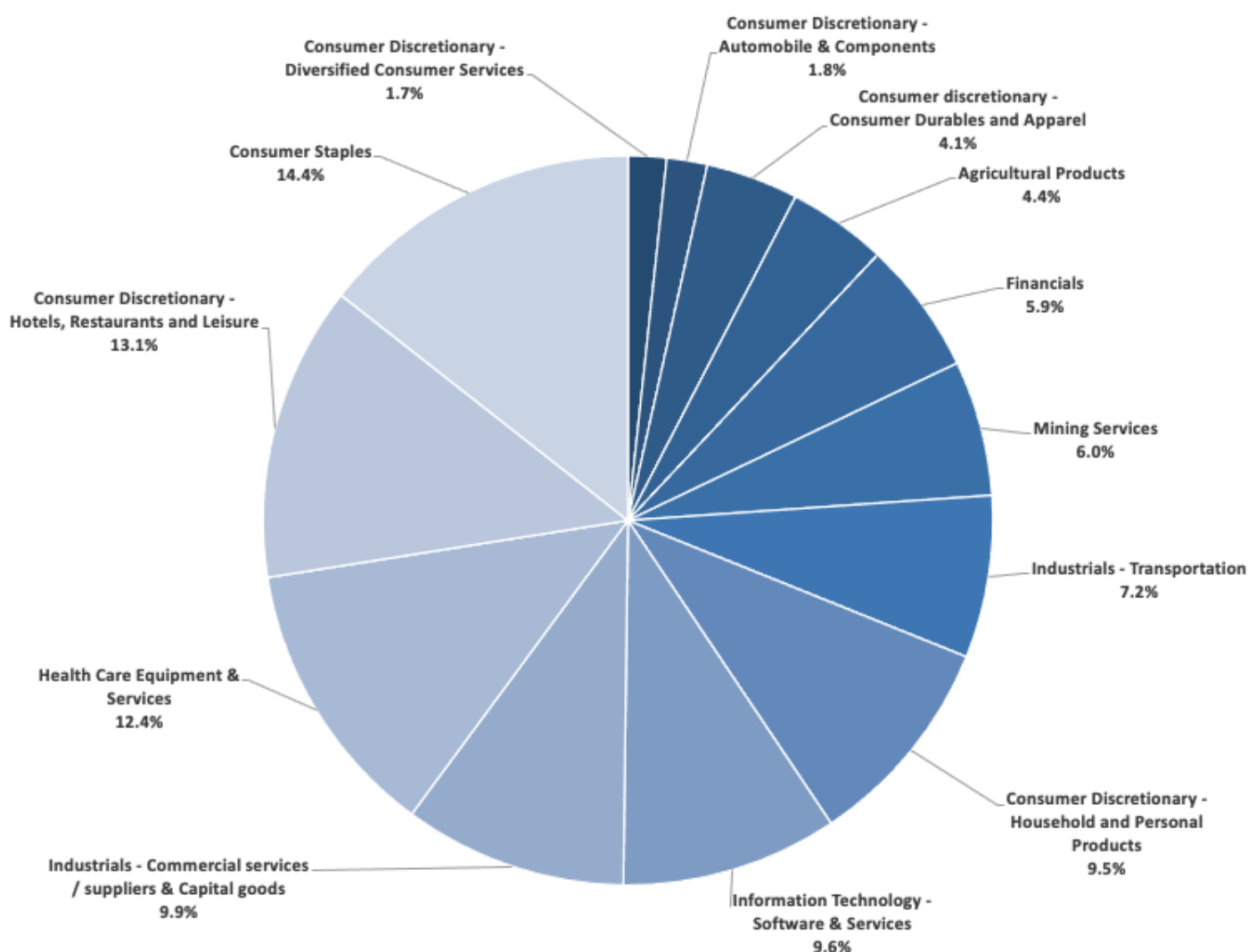
Rank	Investment	Fund	Description	% of VPEG2's Private Equity Investments	Cumulative %
1	Funlab	Next Capital III	Developer & Operator of Entertainment & Leisure Venues	7.7%	7.7%
2	Lynch Group	Next Capital III	Flower & Potted Plant Operator	5.3%	13.0%
3	Hellers	Adamantem Capital I	Producer of Processed Meats in New Zealand	4.7%	17.7%
4	Servian	Adamantem Capital I	Leading Specialist Data & Analytics Consulting Firm	4.1%	21.8%
5	Heritage Lifecare Ltd	Adamantem Capital I	New-Zealand Age-Care & Retirement Village Operator	4.1%	26.0%
6	Gourmet Food Holdings	CPE Capital 8	Manufacturer And Distributor of Gourmet Crackers & Chilled Packaged Seafood	3.6%	29.6%
7	The Interiors Group	Allegro Fund II	Leading Flooring & Curtain Wholesaler & Retailer in New Zealand	3.4%	33.1%
8	Hygain Holdings Pty Ltd	Adamantem Capital I	Premium Horse Feed Manufacturer & Distributor	3.4%	36.4%
9	Jaybro Group	CPE Capital 8	National Supplier of Consumables to Civil, Infrastructure & Construction Contractors	3.0%	39.4%
10	MessageMedia	Mercury Capital 2	Business to Person Text Messaging Platform	2.9%	42.3%

INDUSTRY SPREAD OF VPEG2's UNDERLYING INVESTMENTS

As a result of the increase of consumers adopting technology backed services throughout the year, a number of companies in this sector experienced revaluation uplifts throughout the quarter. Due to this, VPEG2's exposure to the 'Information Technology – Software & Services' industry sector grew from 7.6% to 9.6% at quarter end.

As a result of this and other increases in valuations across the quarter, VPEG2's exposure to a range of other industry sectors 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, represented VPEG2's largest industry sector exposure representing 14.4% of VPEG2's total Private Equity portfolio at quarter end.



MARKET AND ECONOMIC CONDITIONS

The December 2020 quarter saw global and domestic economic activity rebound faster than anticipated. Positive News circulated world media of the development of multiple effective vaccines boosted equity markets and lowered credit risk premiums during November, notwithstanding rising COVID-19 case numbers and tighter lockdown measures in many jurisdictions. A range of asset prices during the quarter were supported by the more robust long-term global outlook and the very accommodative stance of monetary policy. Spreads between corporate and government bond yields narrowed further. Globally, equity prices have continued to increase as markets saw a reduction in uncertainty from investors following the outcome of the US election. In addition better-than-expected earnings reports in advanced economies, also supported equity prices.

A rebound in household consumption is well under way and evolving broadly as expected following a record contraction in the June quarter. A bounce-back in spending in Victoria has assisted this, as a wider range of consumption possibilities began to open up throughout the quarter in that state. Indicators such as retail trade, new car sales and payments information indicated that the recovery in consumption continued in the December quarter; high household savings is likely to support consumption in the period ahead. At the same time, the ability of households to consume some services continues to be constrained by pandemic-related restrictions.

Despite these positive developments, unemployment ticked up in recent months and broader measures of labour underutilisation remains high. Hours worked are around 4 per cent lower than before the pandemic, and many employed workers are still on reduced or zero hours. The recovery in employment and average hours worked for full-time workers has been much more subdued compared with those working part time.

The unprecedented degree of fiscal and monetary policy stimulus since the outbreak of the pandemic has played a key role in supporting the economy. Australia's GDP increased by 3.3% in the September quarter, as revealed by official data on 2 December, ending its first recession since 1991. This was the largest Quarter on Quarter GDP increase since 1976. Household consumption in the September quarter rebounded 7.9%, driven by a 9.8% increase in services spending. The December quarter is also expected to show a strong result of at least 2% growth when the official data is released.

During the quarter, the Australian Private Equity market saw 8 new deals being announced and 4 completed. 9 of these companies were buyout transactions and 3 were growth deals, with 3 of the 12 deal in the business support services sector, 2 in healthcare and others in software and logistics. The IPO market has been active this quarter with IPO exits for multiple Private Equity backed businesses being successfully executed.

Given the outlook for both employment and inflation, the RBA has acknowledged that monetary and fiscal support will be required for some time. The RBA Board remains committed to not increasing the cash rate until actual inflation is sustainably within the 2 to 3 per cent target range. For this to occur, wages growth would have to be materially higher than recent levels. This would require significant gains in employment and a return to a tight labour market. Given the outlook, the Board does not expect to increase the cash rate for at least 3 years.



CONTACT DETAILS

Vantage Private Equity Growth 2

Vantage Asset Management Pty Limited

Level 29, Chifley Tower

2 Chifley Square

Sydney NSW 2000

Australia

Phone: +61 2 9216 9053

Website: www.vpeg2.info

Email: info@vantageasset.com

Website: www.vantageasset.com