

QUARTERLY REPORT

VANTAGE PRIVATE EQUITY GROWTH 2

QUARTERLY INVESTOR REPORT
30 SEPTEMBER 2021

VPEG2 DIVERSIFY
GROW
OUTPERFORM



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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 55 underlying company investments, with 16 exits completed to date. As at 30 September 2021, VPEG2's investment commitments include; \$10m to Adamantem Capital Fund 1; \$8m to each of CHAMP IV, Next Capital Fund III and Odyssey Private Equity Fund 8; \$6m to Allegro Fund II, \$5m to Mercury Capital Fund 2, NZ\$4m to Waterman Fund 3, NZ\$2m to Pencarrow Bridge Fund and a \$0.5m co-investment Fitzpatrick Financial Group.

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

SPECIAL POINTS OF INTEREST

VPEG2 distributes \$0.07 Per Unit to all VPEG2 investors during August 2021

Allegro Fund II completes the 100% sale of the Interiors Group to New Zealand Based Pencarrow Private Equity

Mercury Capital Fund 2 announces the sale of National Express Products (NXP), one of the leading product sourcing and distribution of office supplies companies in New Zealand

As at 30 September 2021, VPEG2A and VPEG2B generated a net of fees internal rate of return (IRR) of 20.8% p.a. and 14.0% p.a. respectively, since final close of VPEG2 on 28 May 2015

PERFORMANCE

The period 1 April 2021 to 30 June 2021 saw elevated levels of Private Equity activity across VPEG2's portfolio with the announcement of a further two investment exits during the quarter. These two exits were announced or completed by VPEG2 investee's Allegro Fund II and Mercury Capital Fund 2. As a result, VPEG2's total portfolio exits increased to 16 at period end.

Australia's private equity environment continued to remain buoyant as acquirers sought quality investment opportunities in the Australian lower to mid-market. VPEG2's managers' report that these acquirers are attracted to companies operating in the lower to mid-market segment in Australia as many of these businesses have demonstrated strong cash flows and resilience throughout the pandemic.

Aided by the considerable amount of consumer and business spend in Retail, Technology, Industrials and Healthcare companies across the previous quarters, these businesses have exhibited strong levels of liquidity, enabling many of these companies to continue to improve their performance despite interruptions to their operations caused by the various COVID lockdowns imposed in certain locations. In addition, as a significant proportion of VPEG2's portfolio companies have an emphasis on growth initiatives, which as the economy recovers, has accelerated the adoption of their businesses offerings and led to an increase in demand for the products or services of these companies.

The table on the following page provides a summary of the performance of VPEG2's portfolio as at 30 September 2021. VPEG2A's Net Asset Value (NAV) decreased from \$1.515 Per Unit at 30 June 2021 to \$1.491 Per Unit at 30 September 2021, predominately due to the \$0.07 Per Unit distribution paid to all VPEG2A investors during August 2021.

VPEG2B's NAV also decreased across the quarter from \$1.592 Per Unit at 30 June 2021 to \$1.567 Per Unit at 30 September 2021, predominately due to the \$0.07 Per Unit distribution paid to all VPEG2B investors during August 2021.

This distribution paid to all VPEG2 Unitholders represented the realised proceeds of two previously announced company exits from VPEG2's portfolio including, isseek (July 2021), by Next Capital Fund III and CellCare (June 2021), by CPE Capital 8.

However, taking into account this \$0.07 Per Unit distribution paid to all VPEG2A & VPEG2B Unit holders during the quarter, the total value increase of VPEG2A's and VPEG2B's portfolio across the September 2021 quarter was 3.04% and 2.83% respectively, attributable to the increase in unrealised values of a number VPEG2's portfolio companies across the September 2021 quarter.

VPEG2 SUMMARY PERFORMANCE AT 30 SEPTEMBER 2021

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	1.8%	0.4%	97.8%	1.00	1.491	0.609	2.100	20.8%
VPEG2B	2.1%	0.0%	97.9%	1.00	1.567	0.568	2.135	14.0%

Due to the increase in value of VPEG2's underlying portfolio across the quarter, along with the strong returns achieved by the two additional companies sold from the portfolio, VPEG2's return to Investors continues to improve.

As a result, VPEG2A and VPEG2B each have generated a net of fees internal rate of return (IRR) of 20.8% p.a. and 14.0% p.a. respectively, since final close of VPEG2 on 28 May 2015 to 30 September 2021.

VPEG2's portfolio is well placed, with the value of the portfolio expected to continue to grow as underlying fund managers further maximise the value of each portfolio company prior to exit. It is anticipated that as managers enter into the final stages of negotiating the sale of a number of portfolio company investments, the number of exits from VPEG2's portfolio is expected to increase across the next three to six months. These exits will deliver further distributions and value to VPEG2 investors across the remainder of the 2021 and during the 2022 calendar year, ultimately delivering investors with a strong risk adjusted return over the term of the Fund.

KEY PORTFOLIO DEVELOPMENTS

The September 2021 quarter saw extensive activity across VPEG2's portfolio as the sale of two portfolio companies were announced during the quarter. These two exits were completed by VPEG2 investee's Allegro Fund II and Mercury Capital Fund 2. Following the completion of the sale of these investments and other previously announced exits, expected during the December 2021 quarter, the total number of companies sold from VPEG2's portfolio will increase to nineteen.

During September 2021, Allegro Fund II completed the 100% sale of The Interiors Group to New Zealand based Pencarrow Private Equity. The exit generated strong returns for Allegro Fund II investors, including VPEG2 across the funds investment hold period.

Additionally in September 2021, Mercury Capital Fund 2 announced the 100% sale of National Express Products (NXP), one of the leading product sourcing and distribution company of office suppliers. This exit generated exceptionally strong returns for Mercury Capital Fund 2 investors, including VPEG2 across the funds 1.5 year investment hold period.

During the quarter, VPEG2 received distributions totaling \$3,955,646 from underlying funds CPE Capital 8, Next Capital Fund III and Waterman Capital Fund 3.

The distribution from CPE Capital 8 resulted from the receipt of the realised proceeds of previously announced exit Cell Care during the June 2021 quarter as well from the further proceeds of previously exited portfolio companies Pepperstone Group and from the strong operating performance from Panthera Finance. The distribution from Next Capital Fund III was due to the recapitalisation of NZ Bus during the period. The distribution from Waterman Capital Fund 3 was related to the strong earnings performance from that funds underlying portfolio across the period.

With ten investments completed by CPE Capital 8 (formally CHAMP IV), nine by each of Allegro Fund II, eight by Next Capital Fund III, seven by Mercury Capital Fund 2, six by Adamantem Capital Fund 1, five by Odyssey Private Equity Fund 8, four by each of Pencarrow Bridge Fund and Waterman 3 and one co-investment, the total number of underlying Private Equity company investments completed in VPEG2's portfolio as at 30 September 2021 was 55, with sixteen exits completed to date.

RECENTLY COMPLETED EXITS

THE INTERIORS GROUP - ALLEGRO FUND III

During September 2021, VPEG2 investee Allegro Fund II announced the 100% sale of New Zealand's largest flooring and curtains retailer, The Interiors Group to New Zealand Based Pencarrow Private Equity.



Following Allegro Fund II's acquisition of Carpet Court, New Zealand's largest national flooring brand in 2015, management completed the bolt-on acquisition in 2018 of the Curtain Studio, a leading national window furnishings retailer. These businesses were combined and renamed The Interiors Group (TIG). Growth was delivered to TIG through Allegro's focus on building the businesses platform, investing in the team, enhancing the physical store assets and repurposing the business's technology platform.

Today, TIG is the largest interiors company in NZ with combined sales in excess of \$200m across 97 showrooms nationwide.

The transaction is subject to New Zealand Overseas Investment Office (OIO) approval, so once approved, the sale of The Interiors Group will provide a robust investment return and distribution for Allegro Fund II investors, including VPEG2 across its investment hold period.

NATIONAL EXPRESS PRODUCTS - MERCURY CAPITAL FUND 2

On 28 September 2021, Mercury Capital Fund 2 announced the 100% sale of National Express Products (NXP).



Mercury Capital acquired a significant minority shareholding in NXP in April 2020 alongside the business's current shareholders. Following a period of rapid growth which saw staff numbers grow from 80 to 200, NXP has grown significantly such that it now ships over two million packages per year to 50,000 organisations around New Zealand. In addition, NXP also acquired three other local firms under the ownership of Mercury Capital Fund 2, including the country's largest mid-market cleaning and janitorial supplies firm, The Service Company.

Today, NXP is New Zealand's largest distributor of business supplies to corporate and Government agencies – including Ministry of Health, NZ Police and Department of Defence.

The sale of National Products Express marks an exceptionally strong investment return and distribution for Mercury Capital Fund 2 investors, including VPEG2 across a 1.5 year investment period.

PORTFOLIO STRUCTURE

VPEG2's PORTFOLIO STRUCTURE - 30 SEPTEMBER 2021

The tables and charts below provide information on the breakdown of VPEG2's investments as at 30 September 2021.

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	
1.8%	0.4%	Later Expansion	31.3%
		Buyout	66.5%

VPEG2B			
Cash	Fixed Interest Investments	Private Equity	
2.2%	0.0%	Later Expansion	31.3%
		Buyout	66.5%

PRIVATE EQUITY PORTFOLIO

With commitments to eight Private Equity funds and one co-investment, VPEG2 has ultimately invested in 55 underlying companies, including one co-investment with 16 exits completed, at quarter end. As a result, VPEG2's Private Equity portfolio and commitments, as at 30 September 2021, 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	5
Allegro Fund II	\$180m	2014	Lower to Mid Market Expansion / Buyout	\$4.0m	\$2.0m	\$3.91m	\$1.95m	9	4
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	4
Waterman Capital Fund 3	NZ\$200m	2016	Lower to Mid Market Expansion / Buyout	NZ\$3.0m	NZ\$1.0m	\$2.20m	\$0.70m	4	1
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	1
Odyssey Fund 8	\$275m	2017	Mid Market Expansion / Buyout	\$6.0m	\$2.0m	\$4.41m	\$1.47m	6	-
Co-invest (Fitzpatrick Financial Group)	\$200m	2017	Mid Market Expansion	\$0.4m	\$0.1m	\$0.43m	\$0.14m	1	-
Total²				\$38.0m	\$13.1m	\$32.43m	\$11.24m	55	16

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 ten underlying private equity investments within VPEG2's portfolio, for which funds had been drawn or called from VPEG2 (on a pro rata basis across both trusts A & B), as at 30 September 2021. As the sale of MessageMedia and The Interiors Group occurred subsequent to the September quarter end, they are still represented in VPEG2's top ten underlying private equity investments as at 30 September 2021.

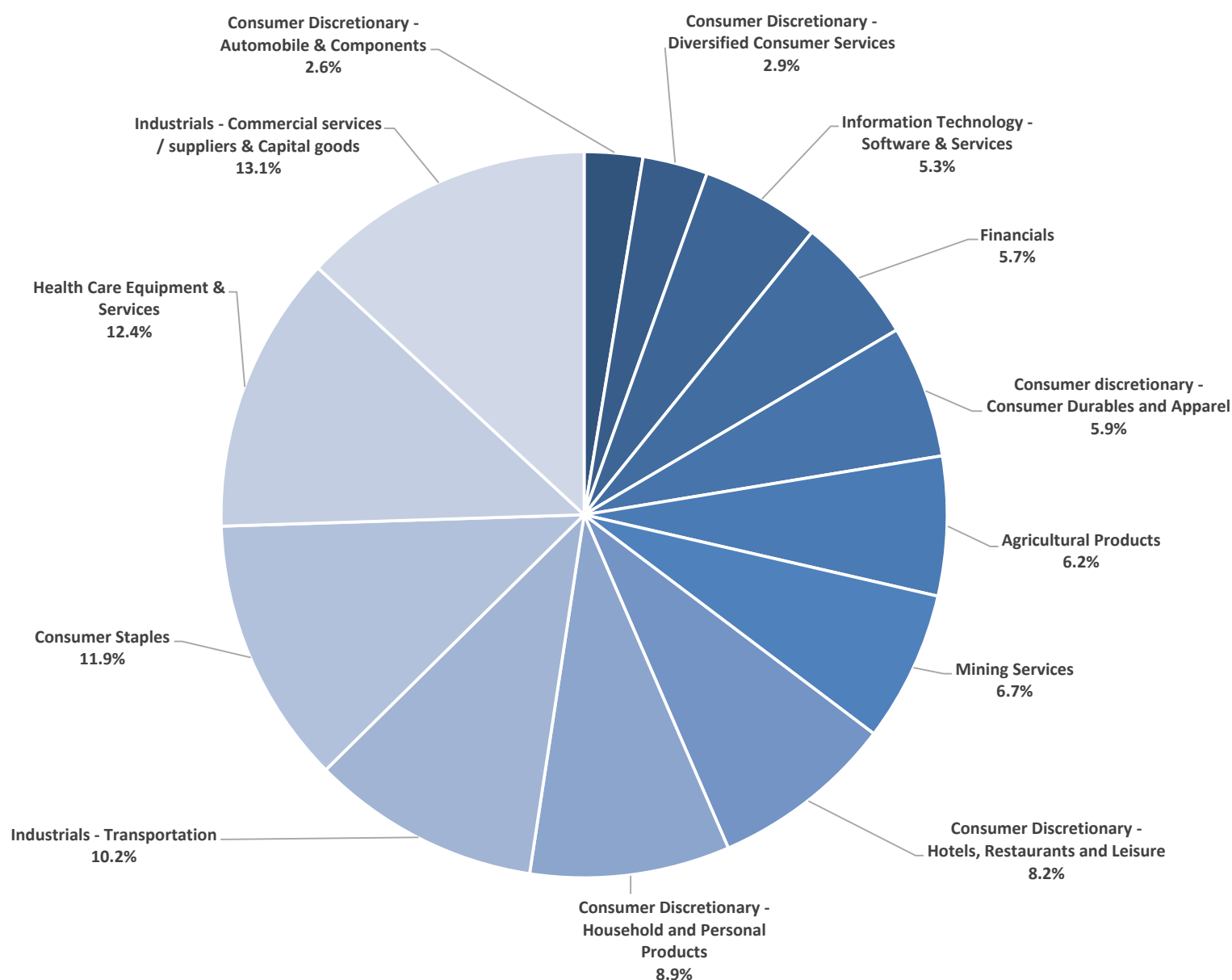
Rank	Investment	Fund	Description	% of VPEG2's Private Equity Investments	Cumulative %
1	MessageMedia	Mercury Capital 2	Business to Person Text Messaging Platform	5.3%	5.3%
2	Hellers	Adamantem Capital I	Producer of Processed Meats in New Zealand	5.3%	10.6%
3	Heritage Lifecare Ltd	Adamantem Capital I	New-Zealand Age-Care & Retirement Village Operator	5.0%	15.6%
4	StraitNZ	CPE Capital 8	Operator of freight and passenger services across New Zealand North and South Island's	4.2%	19.8%
5	Jaybro Group	CPE Capital 8	Leading supplier to the civil construction and infrastructure sector	4.2%	24.0%
6	Pizza Hut	Allegro Fund II	Australia's Largest pizza chain	4.1%	28.1%
7	Lynch Group	Next Capital III	Wholesaler and grower of flowers and potted plants in Australia & China.	3.9%	32.0%
8	Mining Technologies Holding Pty Ltd	Odyssey Private Equity 8	Leading Global Provider of Data & Voice Communications	3.7%	35.7%
9	Hygain Holdings Pty Ltd	Adamantem Capital I	Premium Horse Feed Manufacturer & Distributor	3.6%	39.3%
10	The Interiors Group	Allegro Fund II	New Zealand's largest specialist flooring and window furnishings retail network	3.4%	42.7%

INDUSTRY SPREAD OF VPEG2's UNDERLYING INVESTMENTS

As the final proceeds resulting from the exit of Next Capital Fund III's portfolio company isseek, were received by VPEG2 during the quarter, VPEG2's exposure to the "Information Technology – Software & Services" industry sector decreased from 9.2% to 5.3%.

As a result, all other VPEG2 industry sector exposures adjusted proportionately across the period.

VPEG2's exposure to the "Industrials - Commercial services / suppliers & Capital goods" industry sector which consists of Jaybro Group, Marand Precision Technologies, Legend Corporation, Banksmeadow Waste Transfer Station, FFF-GK Pty Ltd, National Express Products & Hexagon (Investment sale completed subsequent to September quarter end) became VPEG2's largest industry sector exposure representing 13.1% of VPEG2's total Private Equity portfolio at quarter end.



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