



VPEG2B

ANNUAL REPORT

For the year ended 30 June 2022
Vantage Private Equity Growth Trust 2B

DIVERSIFY. GROW. OUTPERFORM.

2022



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 Funds

Will be held via video conference

Date: 30 November 2022

Time: 10:00am

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 39, Aurora Place
88 Phillip Street
Sydney NSW 2000

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

VPEG2B

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TRUSTEE AND MANAGERS' REPORT

The Directors of Vantage Asset Management Pty Limited (Vantage), 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 2022.

DIRECTORS

The following persons are the Directors of Vantage:

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 2022 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 \$13.1m¹ (2021: \$13.1m¹) which includes \$2.4m to Adamantem Capital Fund I, \$2m to each of CPE Capital 8, Next Capital Fund III, Odyssey Private Equity Fund 8 and Allegro Fund II, \$1.2m to 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).

TRUSTEE AND MANAGERS' REPORT (CONT.)

FUND PERFORMANCE HIGHLIGHTS FOR FY22

- \$0.68m in additional capital drawn by underlying Private Equity funds
- 12 underlying company investments sold delivering an average gross 4.7x multiple of invested capital
- A total of 55 underlying company investments completed, with 26 exits now realised
- \$7.17m in total distributions received from underlying funds during the year, an increase of 72.1% from FY21
- \$5.75m in total distributions paid to all VPEG2B Unitholders during the year, an increase of 107.6% from FY21
- \$1.61m Net Profit for the year ended 30 June 2022.
- 13.5% total return to VPEG2B Unitholders across FY22
- 14.1% p.a. after fees Annualised Return delivered by VPEG2B since inception to 30 June 2022.

DISTRIBUTIONS TO UNIT HOLDERS

A distribution of **\$619,349 (\$0.07 / unit)** was paid to all VPEG2B unitholders on 11 August 2021 following the sale of two underlying portfolio companies, which included iSeek by Next Capital Fund III and Cell Care by CPE Capital 8.

A distribution of **\$2,477,395 (\$0.28 / unit)** was paid to all VPEG2B Unitholders on 17 December 2021 following the completed exits of five underlying portfolio companies from VPEG2B's portfolio, which included; National Products Express, Hexagon Holdings and MessageMedia by Mercury Capital Fund 2, The Interiors Group by Allegro Fund II and Provincial Education Group by Waterman Capital Fund 3. In addition, the distribution also comprised of the distribution received from Adamantem Capital Fund I due to the strong operating performance from an investment within that underlying funds portfolio.

Furthermore, a distribution of **\$2,654,351 (\$0.30 / unit)** was paid to all VPEG2B Unitholders on 10 May 2022 following the sale of a further five underlying portfolio companies from VPEG2B's portfolio, which included; Jaybro and StraitNZ by CPE Capital 8, MMC by Pencarrow Bridge Fund, Canopy Healthcare Group by Waterman Capital Fund 3 and Journey Beyond by Allegro Fund II. In addition, the distribution comprised of a distribution from Adamantem Capital Fund I following the sale and lease back of Heritage Lifecare's property portfolio and distributions from Pencarrow Bridge Fund and Odyssey Fund 8 due to the strong performance from investments within their underlying portfolio's.

As a result, total distributions paid to all VPEG2B unitholders since inception to 30 June 2022 totaled **\$10,158,634 (\$1.141 / unit)**.

TRUSTEE AND MANAGERS' REPORT (CONT.)

ECONOMIC CONDITIONS ACROSS FINANCIAL YEAR 2022

The September 2021 quarter was particularly challenging across Australia and New Zealand, with both countries experiencing a surge in the number of COVID-19 cases, with restrictions in place to counteract these rising numbers. This resulted in a GDP contraction of 1.9% in Australia and 3.7% in New Zealand. Closed international borders, combined with rising property prices, strong household consumption and ongoing global demand for commodities also resulted in the first signs of inflationary pressures across Australia and New Zealand, which jumped to 3.8% and 3.3% for FY21, respectively. This was likely a factor in the RBNZ announcing its first rate rise of 25bps to 0.5% in October 2021.

In Australia, the December 2021 quarter commenced with the reopening of New South Wales and Victoria following a stringent lockdown period instituted in response to the outbreak of the COVID-19 Delta variant. With the easing in restrictions, the economy rebounded quicker than previously anticipated, supported by the return of domestic tourism in the eastern Australian states and the surge in retail sales from the release of pent-up demand and robust pre-Christmas trading.

During December, evidence of the new COVID-19 variant was detected in Australia and the number of cases continued to increase, particularly in New South Wales and Victoria. The spread of the Omicron variant had considerable social and economic impacts domestically, including the material contraction of consumer spending. Public markets continued to climb during the quarter before cooling in the last weeks of January 2022 to a 6-month low. Corporate cash balances were at elevated levels following a prolonged period of under investment.

The March 2022 quarter had a number of macroeconomic shocks impacting the global economy. However overall, the Australian economy had more positives than negatives compared to most countries. The picture in New Zealand was similar although more muted. There were positive indicators that the Australian economy had prospects for a strong expansion for the remainder of the 2022 calendar year. Household wealth had increased strongly since the initial outbreak of COVID-19, with savings accumulating while spending opportunities were constrained by lockdowns. The tail end of the quarter also saw a positive recovery in the labour market, with the unemployment rate, which peaked at 7.4% in mid-2020, moving below 4% for the first time since 1974 and labour force participation at historically high levels.

Domestic and global markets experienced an eventful June quarter, as governments and central banks continued to navigate the economic fall-out of the pandemic, the Russian invasion of Ukraine and domestically, the flooding crisis in New South Wales and Queensland. This reset a number of the economic forecasts that were expected in the latter half of 2022.

The dominant economic concern emanating from these events was, and continues to be the surge in inflation. As CPI measures trend to historical highs in many countries, central banks commenced policy tightening measures in an effort to combat the rising cost of living. A major contributing factor in Australia has been energy costs, which have not only been impacted by ongoing supply issues from Russia, but a reduction in the thermal power domestically due to unplanned outages at multiple generators.

TRUSTEE AND MANAGERS' REPORT (CONT.)

This was exacerbated by a sharp increase in demand resulting from extreme weather events in New South Wales and Queensland. The east coast floods also significantly impacted the supply of fresh fruits and vegetables, driving up the price of food and further contributing to the spike in inflation.

The Reserve Bank of Australia (RBA) responded to inflationary pressures with four consecutive cash rate increases of 50 basis points in June, July, August and September 2022, followed by a 25 basis point increase in October 2022, bringing the overall cash rate to 2.60%. The RBA have indicated that further increases to the cash rate are likely over the remainder of the calendar year, as they endeavour to bring the inflation rate of 6.1% for the twelve months to June 2022, back in the 2-3% target range.

On a positive note, in April 2022, the Australian Government announced a relaxing of testing requirements for all travellers to Australia. This has since stimulated inbound tourism, with (at current rates) numbers forecast to reach pre-pandemic levels by the end of the calendar year. Further, Australian consumer spending is still riding the re-opening momentum that emerged from previous lockdowns.

It continues to be supported by the high level of household savings accumulated over the pandemic, a dynamic that endured through the September quarter. Underpinning this is Australia's strong labour market, where key employment measures such as unemployment, underemployment and participation rates are trending at positive historical levels.

These factors will allow Australia to approach the challenging economic period ahead from a position of strength, with households and businesses better equipped to weather the storm.

CONSISTENT MOMENTUM OF PRIVATE EQUITY ACTIVITY IN VPEG2B'S MARKET SEGMENT

Despite a subdued start to the year, private equity firms experienced significant activity during Q2 FY22, with 15 buyout transactions announced or completed, in addition to 17 private equity exits across Australia and New Zealand. Deal flow was strong through the quarter, however tailed off towards the end of the calendar year which is generally expected, however this continued into January/February 2022, a period that usually experiences an uptick in M&A activity.

During the back half of 2022, despite the ongoing uncertainty relating to COVID-19, global political tensions and inflationary pressures, M&A activity remained strong, with a record \$140 billion worth of deals being announced in Australia and New Zealand. This represented the highest value of completed deals within a six-month period since 2007. In private equity, 11 buyout deals were completed (ten in Australia and one in New Zealand) as well as four exits (all in Australia).

Moving forward, VPEG2's underlying managers will continue to explore exit opportunities to realise their existing portfolio companies. With the IPO window having closed, in addition to recessionary worries permeating across the local and global economy, it's possible that this may make exits at attractive multiples increasingly challenging. However, significant levels of dry powder held by the larger buyout funds may alleviate these concerns, as it provides an opportunity for VPEG2's midmarket managers, to exit businesses with defensive characteristics, proven by their performance despite the challenges in recent years. VPEG2's underlying managers are expecting the number of exits to increase as they look to complete exit negotiations of a number of portfolio companies, ultimately delivering further returns to VPEG2 investors.

TRUSTEE AND MANAGERS' REPORT (CONT.)

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 investment commitments across manager, geographic region, financing stage, industry sector and vintage year.

Given the stage of the fund and its' underlying investments, VPEG2B managers now have a greater focus on realising the returns of their portfolio companies. During 2022 financial year, the sale of twelve underlying company investments were completed, which delivered a gross average return of 4.7x multiple of capital, generating an average gross Internal Rate of Return of 173% over an average hold period of 4.2 years.

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 2022.

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 2022, these commitments included \$2.4m to Adamantem Capital Fund I, \$2m to each CPE Capital 8, Next Capital Fund III, Allegro Fund II and Odyssey Private Equity Fund 8, \$1.2m to Mercury Capital Fund 2, \$NZ1.0m to Waterman Fund 3 and \$NZ1.5m to Pencarrow Bridge Fund and completed one 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 2022.

TRUSTEE AND MANAGERS' REPORT (CONT.)

VPEG2B'S PRIVATE EQUITY PORTFOLIO AND COMMITMENTS, AS AT 30 JUNE 2022, WERE AS FOLLOWS:

PRIVATE EQUITY FUND NAME	FUND/ DEAL SIZE	VINTAGE YEAR	INVESTMENT FOCUS	VPEG2B COMMITMENT	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	5
Allegro Fund II	\$180m	2014	Lower to Mid Market Expansion / Buyout	\$2.0m	\$1.96m	9	5
Mercury Capital Fund 2	\$300m	2015	Lower to Mid Market Expansion / Buyout	\$1.2m	\$1.09m	7	4
CPE Capital 8	\$735m	2016	Mid Market Buyout	\$2.0m	\$1.87m	10	6
Waterman Capital Fund 3	NZ\$200m	2016	Lower to Mid Market Expansion / Buyout	NZ\$1.0m	\$0.70m	4	3
Pencarrow Bridge Fund	NZ\$80m	2016	Lower to Mid Market Expansion / Buyout	NZ\$0.5m	\$0.41m	4	1
Adamantem Capital Fund I	\$591m	2017	Mid Market Expansion / Buyout	\$2.4m	\$1.90m	6	1
Odyssey Fund 8	\$275m	2017	Mid Market Expansion / Buyout	\$2.0m	\$1.60m	6	1
Co-Invest (Fitzpatrick Financial Group)	\$200m	2017	Mid Market Expansion	\$0.1m	\$0.14m	1	-
TOTAL²				\$13.1m	\$11.39m	55	26

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 \$10.97m at 30 June 2021 to \$11.39m at 30 June 2022, representing a 3.8% increase in drawn capital from VPEG2B across the year. Two 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 55 underlying company investments as at 30 June 2022.

TRUSTEE AND MANAGERS' REPORT (CONT.)

SIGNIFICANT BOLT ON ACQUISITIONS COMPLETED DURING THE YEAR INCLUDED:

by Adamantem Capital Fund I

- In November 2021, **Hygain** completed the bolt-on acquisition of **Arenus**, a leading animal supplement and nutraceuticals brand based in the United States. This acquisition accelerated Hygain's growth within the United States by diversifying the groups offering with another high quality brand being added to its' product portfolio.

by Mercury Capital Fund 2

- In November 2021, **Fiftyfive5** completed the acquisition of consumer research panel, **The Digital Edge**. The acquisition enables Fiftyfive5 to better drive quality of data, to innovate in connecting to and understanding consumers and to further enhance existing capability in technology-based delivery of insights, modelling and data analytics.

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 2022.

As demonstrated in the table, the top 10 investments in VPEG2B's underlying portfolio represented 53.3% of VPEG2B's total Private Equity Portfolio as at 30 June 2022.

RANK	INVESTMENT	FUND	DESCRIPTION	% OF VPEG2B'S PRIVATE EQUITY INVESTMENTS	CUMULATIVE %
1	Mining Technologies Holding (MST)	Odyssey Private Equity Fund 8	Leading Global Provider of Data & Voice Communications	7.5%	7.5%
2	NZ Bus	Next Capital III	Urban Bus Operator in New Zealand	7.3%	14.8%
3	Hellers	Adamantem Capital I	Producer of Processed Meats in New Zealand	5.8%	20.6%
4	Delta Agribusiness	Odyssey Private Equity Fund 8	Provider of Agriculture Products & Independent Rural Services	5.8%	26.4%
5	Hygain Holdings Pty Ltd	Adamantem Capital I	Premium Horse Feed Manufacturer & Distributor	5.5%	31.9%
6	Lynch Group	Next Capital III	Wholesaler and Grower of Flowers & Potted Plants in Australia & China	4.6%	36.5%
7	ASDAM (previously Marand)	CPE Capital 8	Supplier of Precision Engineered Solutions for Aerospace & Defence Industries	4.5%	41.0%
8	Noisette Bakery	Next Capital Fund III	Artisanal Commercial Bakery	4.2%	45.2%
9	FRANKIE4	Odyssey Private Equity Fund 8	Leading Women's Supportive Footwear Label	4.2%	49.4%
10	Dutton Group	CPE Capital 8	Wholesaler of New & Used Prestigious Vehicles	3.9%	53.3%

TRUSTEE AND MANAGERS' REPORT (CONT.)

COMPLETED EXITS DURING FY22

by Mercury Capital Fund 2 (MCF2)

- In June 2021, **MCF2** announced the sale of portfolio company **MessageMedia** to Sinch, a leading global cloud communications business listed on the Nasdaq Sweden (STO).

The transaction was completed in November 2021, marking it one of the largest ever deals for an Australian technology company. The sale delivered exceptional returns for Mercury Capital Fund 3 investors, including VPEG2B over a 1.6 year investment period.

- In September 2021, **MCF2** announced the 100% sale of **National Express Products (NXP)** to Tiri Group.

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.

The sale of NXP provided Mercury Capital Fund 2 investors, including VPEG2B with an extremely strong return across a 1.5 year investment period.

by Next Capital Fund III

- In July 2021, **Next Capital Fund III** announced the sale of **iSeek**, Australia's leading cloud, Data Centre and Connectivity provider to a UK based Information Technologies and Telecommunications Infrastructure Fund.

Following Next's acquisition of iSeek in August 2018, management heavily invested in the construction of two state of the art physical data centres in Brisbane and Townsville and captured material contract tenders from large state government agencies and tier one corporate clients. These initiatives, along with the industry tailwinds of organisations outsourcing data storage providers, positioned the business to have a strong long-term opportunity set, representing an attractive investment for the international acquirer.

by Allegro Fund II

- During the September 2021 quarter, **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.

TRUSTEE AND MANAGERS' REPORT (CONT.)

COMPLETED EXITS DURING FY22 (CONT.)

by Allegro Fund II (CONT.)

Proceeds from the transaction was distributed to VPEG2B in November 2021, providing a robust return to investors over a 4.6 year hold period.

In February 2022, Allegro Fund II completed an exit of their minority stake in Journey Beyond following its sale by Quadrant Private Equity to American cruise and experiential travel company, Hornblower Group for a media reported \$600 million.

Allegro initially acquired Journey Beyond (previously named Great Southern Rail) in May 2015. Less than 18 months after acquiring the business, Allegro sold a majority stake to Quadrant Private Equity delivering a strong return for Allegro Fund II investors including VPEG2B at that point in time. The Great Southern Rail acquisition provided Quadrant, the platform for a premium travel business which expanded to include Cruise Whitsundays, the biggest ferry and cruise operator in North Queensland and Outback Spirit, which runs luxury coach tours in hard-to-reach locations such as the Kimberley Ranges in north-west Western Australia.

by Waterman Capital Fund 3

- In October 2021, **Waterman Capital Fund 3** completed the 100% sale of **Provincial Education Group** to leading early childhood global education provider, Busy Bees Early Learning Australia.

Following Waterman Fund 3's acquisition of Provincial in August 2017, management completed the acquisition of 19 early learning centres across New Zealand. After the successful integration of these centres, a further two follow on investments were made to assist with the further acquisition of centres in line with management's consolidation strategy.

Management also focused on the development of best practice curriculum, including the development of a regional manager network to ensure that each centre received all necessary education support. This allowed the Provincial group to deliver the best outcomes for its pupils. These initiatives aided the business to consistently achieve exceptionally high net promoter scores from parents across the fund's investment term. With 75 centres and more than 5,500 licence places in locations across the North and South Islands, Provincial is now the third largest early childcare education provider in New Zealand.

The sale of Provincial Education Group marks a strong investment return and distribution for Waterman Capital Fund 3 investors, including VPEG2B across a 4.2 year investment period.

- In January 2022, **Waterman Fund 3** completed the sale of **Canopy Healthcare Group** to Intermediate Capital Group (ICG), a global asset manager with more than \$60 billion of assets worldwide. The transaction builds on ICG's significant global healthcare experience, as well as their presence in the region, providing capital to numerous mid-market businesses across Australia and New Zealand.

TRUSTEE AND MANAGERS' REPORT (CONT.)

COMPLETED EXITS DURING FY22 (CONT.)

by CPE Capital Fund 8

- In February 2022, **CPE Capital 8** completed the 100% sale of **Jaybro** to Quadrant Private Equity, a Sydney-based private equity firm investing in companies in Australia and New Zealand.

Since CPEC's investment in December 2017, the business grew significantly with EBITDA increasing 350% since the initial investment. The growth was the result of the successful implementation of a number of initiatives driven by management, notably the completion of 13 bolt-on acquisitions. The acquisitions also allowed business performance to benefit from the increased penetration of key product groups within the existing customer base, along with cross-selling opportunities. As a result of this growth, employee numbers doubled from 170 to 310 and customer numbers increased from approximately 20,000 to 40,000 during the 4.3-year hold period.

- In March 2022, **CPE Capital 8** completed the sale of **StraitNZ** to Morgan Stanley Infrastructure Partners (MSIP).

Since CPEC's investment in March 2017, the business has grown significantly, with shipping EBITDA 60% greater than it was at acquisition. The growth was driven by the successful implementation of a number of initiatives, including the successful transition from a family-owned business to an integrated logistics platform with new group management, group-wide StraitNZ branding and co-located national road freight operations.

In addition, management performed a resetting of the cost base via an organisational restructuring and procurement program, as well as an extension of both 10-year port access contracts to 15 years in Wellington and 20 years in Picton (South Island). CPEC also drove the transition of 70% of shipping freight revenue to long-term contracts in order to stabilise revenue.

The exit delivered a top tier performing return to CPE Capital 8 investors, including VPEG2B across a 5.3 year investment hold period, with the proceeds of the exit being received by VPEG2B and distributed to all VPEG2B investors during May 2022.

by Pencarrow Bridge Fund

- In April 2022, **Pencarrow Bridge Fund** completed the sale of **MMC Ltd** to Apex Group, a global financial services provider with over 50 offices worldwide and 8,000 plus employees.

Pencarrow acquired MMC in November 2016 alongside founder Robert Moss and Tom Reiher. Across Pencarrow's ownership, MMC has grown significantly from its core service offering of fund accounting and unit pricing to become New Zealand's leading provider of full outsourced fund and wealth administration services. Today, MMC provides investment administration services for 30 investment managers and product providers, and more than 70 groups of investment professionals with funds under administration in excess of NZ\$100 billion.

TRUSTEE AND MANAGERS' REPORT (CONT.)

ANNOUNCED EXITS DURING FY22

During March 2022, **Next Capital Fund III** announced the 100% sale of **NZ Bus** to Kinetic NZ Holdings Ltd, making it New Zealand's largest bus operator with more than 700 buses across 13 depots.

Next Capital Fund III acquired NZ Bus in August 2019, which at the time of acquisition was a subsidiary business of NZX listed company Infratil Limited. Across Next Capital's ownership of NZ Bus, the management team executed a range of strategic initiatives across all facets of the business.

The transaction was completed in August 2022 delivering a strong return for Next Capital Fund III investors, including VPEG2 across a 2.5 year investment period.

In June 2022, **Odyssey Private Equity Fund 8 (OPE8)**, announced the sale of 100% of the shares in **Mining Technologies Holdings Pty Ltd (MST)** to Komatsu Ltd, a leading global organisation, listed on the Japanese stock exchange with a market capitalisation of \$33 billion.

Odyssey Fund 8 acquired MST in 2018 via a Management Buyout, partnering with the existing CEO and CFO to buy the business. Over the past four years, Odyssey Private Equity and the management team have positioned MST to be a global leader in the digital technology used in the underground mining space.

The transaction was completed on 1 July 2022, and delivered strong returns for OPE8 investors, including VPEG2.

FINANCIAL PERFORMANCE OF THE FUND

During the year, total distribution income received by the Fund from underlying private equity funds was \$7,171,268 representing an 76.9% increase over the \$4,054,953 received in FY21. The breakdown of Income for FY22 compared with FY21 is shown in the table below.

SOURCE OF INCOME	FY22	FY21	% CHANGE OVER FY21
Distribution Income received from Underlying Private Equity Funds	\$7,171,268	\$4,054,953	76.9%
Interest on Cash and Short Term Deposits	\$0	\$13	-100%
TOTAL	\$7,171,268	\$4,054,966	76.9%

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 were predominately as a result from the exits of CellCare, iSeek, Hexagon, NXP, Provincial Education Group, The Interiors Group, MessageMedia, Jaybro, Journey Beyond, Canopy Healthcare, MMC and StraitNZ.

In addition, distributions were also received from the continual earn out of previously exited underlying companies Cell Care and Pepperstone as well as dividends paid from other underlying companies within the portfolio, including Heritage Lifecare and Hellers.

TRUSTEE AND MANAGERS' REPORT (CONT.)

VPEG2B's total funds invested in cash and term deposits as at 30 June 2022 was \$677,459 (2021: \$239,192). 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 decreased by 14.9% from \$318,703 in FY21 to \$271,305 at 30 June 2022. The majority of these expenses related to costs associated with the management of VPEG2B as well as the costs related with the reduction of interest expense to nil in FY22 from \$45,092 in FY21.

As total distribution income received by VPEG2B across the financial year significantly exceeded the Fund's total operating expenses and fair value movement of the underlying investments, VPEG2B recorded a net profit of \$1,611,510 for the financial year ended 30 June 2022. This is a reduction of 73.9% from the FY21 profit of \$6,165,371, primarily due to the revaluation decrement recognised for VPEG2B, which offset the distribution income received through the period.

A revaluation decrement of \$5,288,453 has been recognised for the year ended 30 June 2022 was primarily the result of the \$10,158,634 in distributions paid out to all VPEG2B Unitholders.

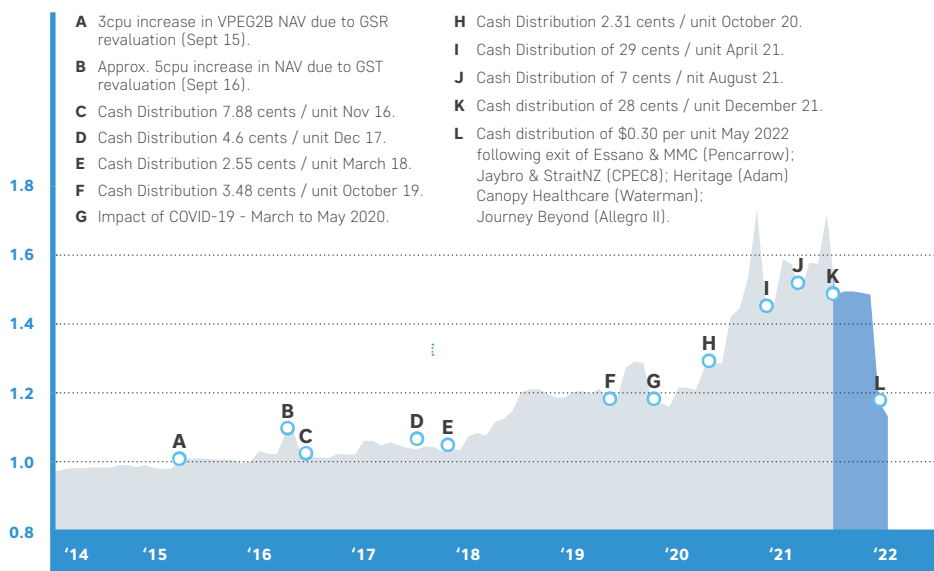
As a result, Net Assets attributable to Unit Holders decreased by 29.3% from \$14,089,788 at 30 June 2021 to \$9,950,204 at 30 June 2022, primarily a result of the reduced value of investments due to the various distributions paid-out of underlying funds and subsequently distributed to VPEG2B Unitholders across the year.

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 will continue to increase across the next twelve months. These exits will deliver further distributions and value to VPEG2B investors across the remainder of the 2022 calendar year into 2023, which will contribute to ultimately deliver a strong, risk adjusted return for investors over the term of the Fund.

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 2022.



As demonstrated in the graph above, VPEG2B's Net Asset Value (NAV) decrease from \$1.578 / unit at 30 June 2021 to \$1.126 / unit at 30 June 2022. The decrease was due to a significant number of distributions being provided to VPEG2B investors. Over the financial year, a total of 65c / unit was paid to investors, resulting from the sale of twelve portfolio companies, as well as from the dividends and interest received from other underlying funds. Taking into account these distributions, **VPEG2B's total return to Unitholders across FY22 was 13.5%.**

TRUSTEE AND MANAGERS' REPORT (CONT.)

VPEG2's underlying managers value their underlying portfolio of companies in accordance with the International Private Equity Investment Valuation Guide that have been adopted by the Australian Investment Council (AIC). VPEG2's managers adhered to these guidelines to all underlying individual investments that VPEG2 had exposure to at period end.

With 100% 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 twelve companies sold from VPEG2B's underlying portfolio across the past financial year, the total number of exits from the portfolio is now 26.

These 26 exits have delivered VPEG2B a gross 3.7x multiple of invested capital across average hold period of 3.8 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, the total improvement in unit holder value across FY22 represented a gain of 13.5%. This has subsequently contributed to a total net of all fees Internal Rate of Return (IRR) to VPEG2B Unitholders of 14.1% p.a. since the 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 2022 and into 2023, 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 year ended 30 June 2022, Vantage Private Equity Growth 2 Independent Investment Committee member, Patrick Handley sadly passed away. Pat was a significant contributor to the corporate governance and ultimate growth of each of Vantage's Fund of Funds, serving from 2006 as an Independent Director on the board of Vantage Private Equity Growth Limited (VPEG), then as an independent member of the Investment, Audit and Risk Committee of each subsequent Vantage Fund of Funds (VPEG2, 3, 4 & 5).

Pat will be fondly remembered for his sharp intellect and drive for enhanced performance in the entities he worked with, by the team at Vantage, as well as by many of the financial services professionals he interacted with during his extensive career across the United States and Australia.

As a result, a process was conducted to fill the vacant Investment Committee seat with an appropriate individual that has a deep experience and knowledge across risk governance and audit.

After the vast talent pool of individuals interviewed for the position, it was deemed in June 2022, James Dunning, retired Pricewaterhousecoopers partner, was fit for the role as Independent Investment Committee member of VPEG2.

TRUSTEE AND MANAGERS' REPORT (CONT.)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS (CONT.)

James has over 35 years of management, assurance and advisory experience and was a partner for 21 years in PricewaterhouseCoopers financial services practice. He worked principally with ASX200 investment management and real estate clients, as well as consumer, industrial, pharmaceutical and mining businesses.

He has experience in ASX listings, equity and debt raisings, M&A transactions, due diligence and assurance engagements. He was a member of PricewaterhouseCoopers global real estate management team. He is currently a Director of Pymble Golf Club and a Principal of FinStream P/L, an online education provider to the financial services sector.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of the Trusts activities will be provided in the VPEG2 September 2022 quarterly investor report to be emailed to all investors during November 2022 and available 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 General Partner and Directors, no other matter or circumstance has arisen since 30 June 2022 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 unless otherwise stated below:

Roderick H McGeoch AO

Chairman of Investment Committee
(Independent)

Patrick Handley

Passed away April 2022

Independent Investment Committee Member

James Dunning

Commenced 1 August 2022

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. MCGEEOCH

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 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

PATRICK HANDLEY

B.Com., MBA.

Passed away April 2022
Investment Committee
Member (Independent)



Experience and expertise

Pat had over 30 years of international financial services experience and was 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 had 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 held a Bachelor of Commerce in Economics and Mathematics from Indiana University and an MBA from Ohio State University.

INFORMATION ON INVESTMENT COMMITTEE MEMBERS (CONT.)**JAMES DUNNING**

FCA, MSC., BSc.

Commenced 1 August 2022
Investment Committee
Member (Independent)**Experience and expertise**

James has over 35 years of management, assurance and advisory experience and was a partner for 21 years in PricewaterhouseCoopers financial services practice. He worked principally with ASX200 investment management and real estate clients, as well as consumer, industrial, pharmaceutical and mining businesses.

He has experience in ASX listings, equity and debt raisings, M&A transactions, due diligence and assurance engagements. He was a member of PricewaterhouseCoopers global real estate management team.

He is currently a Director of Pymble Golf Club and a Principal of FinStream P/L, an online education provider to the financial services sector.

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 responsible for the development and management of all private equity fund investment activity at Vantage and its authorised representatives, and has managed Vantage's funds share of investment into over \$7 billion of Australian Private Equity funds resulting in more than \$8 billion of equity funding across 150 underlying portfolio companies.

Michael is also responsible for the operational and compliance management of all Vantage managed funds and investment vehicles. 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 St George 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) and is a Fellow of the Australian Institute of Company Directors.

INFORMATION ON INVESTMENT COMMITTEE MEMBERS (CONT.)**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).

MEETINGS OF DIRECTORS

The number of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2022, and the number of meetings attended by each director were:

DIRECTOR	MEETINGS OF INVESTMENT, AUDIT & RISK COMMITTEE	
	A	B
Roderick H McGeoch AO*	6	6
Patrick Handley*	4	4
James Dunning* <i>Commenced 1 August 2022</i>	-	-
Michael Tobin	5	6
David Pullini	6	6
A = Number of meetings attended.		
B = Number of meetings held during the year whilst committee member held office.		
* = Independent members of investment, audit and risk committee.		

TRUSTEE AND MANAGERS' REPORT (CONT.)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Trust paid a premium of \$2,860 in relation to insurance cover for the Trustee and its Directors and officers and the investment committee members in relation to the operations of VPEG2. Under VPEG2B's trust deed, the Trustee, 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.

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
25 October 2022

VPEG2B FINANCIAL STATEMENTS

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VANTAGE PRIVATE EQUITY GROWTH TRUST 2B

**STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 \$	2021 \$
INVESTMENT INCOME			
Distribution income	2	7,171,268	4,054,953
Interest income		-	13
Net changes in fair value of investments held at fair value	5a	(5,288,453)	2,429,108
Total investment income		1,882,815	6,484,074
OPERATING EXPENSES			
Audit fees		(16,000)	(15,871)
Interest expense		-	(45,092)
Investment administration fees		(12,263)	(12,264)
Investment committee fees		(24,770)	(33,705)
Legal and insurance fees		(2,860)	(4,470)
Management fees		(199,105)	(190,001)
Registry fees		(6,184)	(6,140)
Tax compliance fees		(8,250)	(8,030)
Other expenses		(1,873)	(3,130)
Total operating expenses		(271,305)	(318,703)
Profit for the year, representing total comprehensive income for the year		1,611,510	6,165,371

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

VANTAGE PRIVATE EQUITY GROWTH TRUST 2B

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	NOTE	2022 \$	2021 \$
ASSETS			
Current assets			
Cash and cash equivalents	3	677,459	239,192
Receivables	4	53,387	5,782
Total current assets		730,846	244,974
Non-current assets			
Investments at fair value through profit or loss	5	9,283,854	13,890,841
Total non-current assets		9,283,854	13,890,841
Total assets		10,014,700	14,135,815
LIABILITIES			
Trade and other payables	6	64,496	46,027
Total current liabilities		64,496	46,027
Total liabilities		64,496	46,027
Net assets		9,950,204	14,089,788
EQUITY ATTRIBUTABLE TO UNITHOLDERS			
Unitholders capital	7	8,904,052	8,904,052
Retained earnings	8	11,204,786	9,593,275
Distributions paid to unitholders	9	(10,158,634)	(4,407,539)
Total equity attributable to Unitholders		9,950,204	14,089,788

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

VANTAGE PRIVATE EQUITY GROWTH TRUST 2B

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	UNITHOLDERS CAPITAL \$	RETAINED EARNINGS \$	DISTRIBUTIONS TO UNITHOLDERS \$	TOTAL \$
Balance at 1 July 2020		8,904,052	3,427,904	(1,841,666)	10,490,290
TRANSACTIONS WITH UNITHOLDERS, IN THEIR CAPACITY AS UNITHOLDERS					
Distributions paid during the year		-	-	(2,565,873)	(2,565,873)
Total transactions with Unitholders		-	-	(2,565,873)	(2,565,873)
Profit for the year, representing total comprehensive income for the year		-	6,165,371	-	6,165,371
Balance at 30 June 2021		8,904,052	9,593,275	(4,407,539)	14,089,788
TRANSACTIONS WITH UNITHOLDERS, IN THEIR CAPACITY AS UNITHOLDERS					
Distributions paid during the year	9	-	-	(5,751,095)	(5,751,095)
Total transactions with Unitholders		-	-	(5,751,095)	(5,751,095)
Profit for the year, representing total comprehensive income for the year		-	1,611,510	-	1,611,510
Balance at 30 June 2022		8,904,052	11,204,786	(10,158,634)	9,950,204

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

VANTAGE PRIVATE EQUITY GROWTH TRUST 2B
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 \$	2021 \$
Cash flows from operating activities			
Income distributions received		7,123,267	4,054,953
Interest received		-	13
Expenses paid to suppliers		(252,440)	(277,046)
Interest paid		-	(45,092)
Net cash from operating activities	11	6,870,827	3,732,828
Cash flows from investing activities			
Payments to acquire financial assets	5a	(681,466)	(422,493)
Net cash used in investing activities		(681,466)	(422,493)
Cash flows from financing / Unitholders' activities			
Proceeds from borrowings		-	363,000
Repayment of borrowings		-	(777,552)
Distributions paid to Unitholders		(5,751,095)	(2,769,890)
Net cash from Financing / Unitholders' activities		(5,751,095)	(3,184,442)
Net decrease in cash and cash equivalents		438,266	125,893
Cash and cash equivalents at beginning of the year		239,192	113,299
Cash and cash equivalents at end of the year	3	677,459	239,192

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

VANTAGE PRIVATE EQUITY GROWTH TRUST 2B

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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") 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 25 October 2022.

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 2021 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.

VANTAGE PRIVATE EQUITY GROWTH TRUST 2B

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**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) Investment income*i) Interest income*

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

ii) Net changes in fair value of investments held at fair value through profit or loss

Profits and losses realised from the sale of investments and unrealised gains and losses on securities held at fair value are included in the Statement of Profit or Loss and Other Comprehensive Income in the year they are incurred. Unrealised gains and losses are not assessable or distributable until realised.

iii) Distribution income

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.

c) Investments at fair value through profit or loss**Investments are classified as 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.

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 Profit or Loss and Other Comprehensive Income in the period in which they arise. All transaction costs for such instruments are recognised directly in the Statement of Profit or Loss and Other Comprehensive Income.

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.

d) Expenses

Expenses are brought to account on an accruals basis.

VANTAGE PRIVATE EQUITY GROWTH TRUST 2B

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2022

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

f) Trade and other receivables

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

g) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as audit fees and investment management fees have been passed onto the Fund. 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.

h) Comparative figures

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

i) 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.

VANTAGE PRIVATE EQUITY GROWTH TRUST 2B

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2022

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

k) 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.

l) 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 bases 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.

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:

VANTAGE PRIVATE EQUITY GROWTH TRUST 2B

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**1) Critical accounting estimates and judgments (CONT.)***i) 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:

ii) 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.

iii) 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.

VANTAGE PRIVATE EQUITY GROWTH TRUST 2B

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 2. REVENUE AND OTHER INCOME

	NOTE	2022 \$	2021 \$
Revenue and other income			
Distribution income	5b	7,171,268	4,054,953

NOTE 3. CASH AND CASH EQUIVALENTS

Cash at bank	677,459	239,192
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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:

Cash and cash equivalents	677,459	239,192
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NOTE 4. RECEIVABLES**Current**

GST receivable	5,386	5,782
Other receivable	48,001	-
Total other receivables	53,387	5,782

VANTAGE PRIVATE EQUITY GROWTH TRUST 2B

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 5. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	NOTE	2022 \$	2021 \$
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	9,283,854	13,890,841
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.			
Investments at fair value at beginning of the year		13,890,841	11,039,240
Calls paid to underlying investee funds during the year		681,466	422,493
Net fair value loss on investments held at fair value	5b	(5,288,453)	2,429,108
Investments at fair value at the end of the year		9,283,854	13,890,841
b) Net investment revaluations includes the impact of distributions received during the year:			
Distributions received by VPEG2B from underlying investee funds during the year		(7,171,268)	(4,054,953)
VPEG2B's share of movement in the value of underlying investee funds during the year		1,882,815	6,484,061
Net gain / (loss) on investment held at fair value through profit or loss		(5,288,453)	2,429,108

c) Vantage Private Equity Growth Trust 2B has committed capital to underlying funds amounting to \$13.07m (2021: \$13.07m). As at 30 June 2022, the amount of uncalled capital owing to underlying funds was \$1.67m (2021: \$1.86m). Vantage Private Equity Growth Trust 2B (VPEG2B) has committed capital to foreign investments amounting to NZ\$1,457,600 in New Zealand (2021: NZ\$1,457,600).

VANTAGE PRIVATE EQUITY GROWTH TRUST 2B

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 6. TRADE AND OTHER PAYABLES

	2022 \$	2021 \$
Current		
Accounts payable	18,731	20,277
Other creditors and accruals	45,765	25,750
	64,496	46,027

NOTE 7. UNITS ISSUED AND PAID CAPITAL

	NUMBER OF UNITS	PAID CAPITAL PER UNIT \$	2022 \$	2021 \$
8,847,838 units issued	8,847,838	\$1.00	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 8. RETAINED EARNINGS

	2022 \$	2021 \$
Retained earnings	11,204,786	9,593,275

a) Movement in retained earnings

Opening balance	9,593,275	3,427,904
Net operating income for the year	1,611,511	6,165,371
Closing balance	11,204,786	9,593,275

VANTAGE PRIVATE EQUITY GROWTH TRUST 2B

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 9. DISTRIBUTIONS PAID TO UNITHOLDERS

	2022 \$	2021 \$
DISTRIBUTIONS TO UNITHOLDERS		
Distributions paid	(10,158,634)	(4,407,539)

a) Movement in distributions paid

	2022 \$ PER UNIT	2021 \$ PER UNIT	2022 \$	2021 \$
Opening balance	\$0.498	\$0.208	(4,407,539)	(1,841,666)
Distributions paid during the year	\$0.650	\$0.290	(5,751,095)	(2,565,873)
Closing balance	\$1.148	\$0.498	(10,158,634)	(4,407,539)

NOTE 10. 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.

VANTAGE PRIVATE EQUITY GROWTH TRUST 2B

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 11. NOTES TO THE STATEMENT OF CASH FLOWS

2022	2021
\$	\$

a) Reconciliation of profit or loss for the period to net cash flows from operating activities:

Net operating profit for the year	1,611,510	6,165,371
NON-CASH FLOWS IN PROFIT		
Revaluation of investments	5,288,453	(2,429,108)
CHANGES IN ASSETS AND LIABILITIES:		
Decrease in receivables	(47,605)	519
Decrease in trade and other payables	18,469	(3,954)
Cash flow from operations	<u>6,870,827</u>	<u>3,732,828</u>

NOTE 12. EVENTS AFTER THE BALANCE SHEET DATE

There have not been any 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 13. TRUSTEE AND MANAGER DETAILS

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

Level 39, Aurora Place
88 Phillip Street
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 directors 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 37, present fairly the Fund's financial position as at 30 June 2022 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; and
- b) in the directors' 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 Directors of the Trustee Vantage Asset Management Pty Limited.



Michael Tobin
Managing Director

Sydney
25 October 2022



David Pullini
Director

INDEPENDENT AUDITOR'S REPORT



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Independent Auditor's Report to the members of Vantage Private Equity Growth Trust 2B

Opinion

We have audited the financial report, being a special purpose financial report, of Vantage Private Equity Growth Trust 2B (the "Fund"), which comprises the statement of financial position as at 30 June 2022, 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 is prepared, in all material respects, 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 Fund in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including *Independence Standards*) (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.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution

We draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial report is prepared to assist the Fund to meet the requirements of the Trust Deed. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Fund and the directors of Vantage Asset Management Pty Limited as Trustee of the Fund (the "Trustee") (collectively the "Recipients") and should not be distributed to parties other than the Recipients. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the Trustee and Managers report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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INDEPENDENT AUDITOR'S REPORT (CONT.)



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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Trustee are responsible for the preparation of the financial report in accordance with the financial reporting requirements of the Trust Deed and for such internal control as the directors determine is necessary to enable the preparation 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 Fund'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 Fund 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.

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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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INDEPENDENT AUDITOR'S REPORT (CONT.)



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- 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 Fund'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 Fund to cease to continue as a going concern.

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
Sydney
25 October 2022

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VPEG2B

ANNUAL REPORT

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2022

INVESTMENT MANAGER



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