



QUARTERLY REPORT



VANTAGE PRIVATE EQUITY GROWTH 2

QUARTERLY INVESTOR REPORT
31 MARCH 2023

VPEG2 DIVERSIFY
GROW
OUTPERFORM



TABLE OF CONTENTS

- 3** SUMMARY
- 4** PERFORMANCE
- 5** PORTFOLIO DEVELOPMENTS
- 6** OVERVIEW OF COMPLETED EXIT
- 6** PORTFOLIO STRUCTURE
- 10** MARKET & ECONOMIC UPDATE

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 or the 'Fund') 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 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 one co-investment. As a result, VPEG2 has invested in 55 underlying company investments, with 29 exits completed to date. As at 31 March 2023, VPEG2's investment commitments include; \$10m to Adamantem Capital Fund I; \$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 in 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

VPEG2A and VPEG2B distributes \$0.07 per Unit to all investors during February 2023

VPEG2's Total Value to Paid In (TVPI) Ratio of 2.274x ranks the Fund in the top quartile of all private equity fund of funds globally

Waterman Capital Fund 3 completes the exit of its residual holding in NZX and ASX-listed My Food Bag (ASX:MFB)

As at 31 March 2023, VPEG2A and VPEG2B have delivered a net of fees return of 19.5% p.a. and 13.4% p.a. respectively, since the final close of VPEG2 in May 2015

Across the quarter, VPEG2A's Net Asset Value (NAV) decreased from \$0.917 per Unit at 31 December 2022 to \$0.865 per Unit as at 31 March 2023. VPEG2B's Net Asset Value (NAV) decreased from \$0.960 per Unit at 31 December 2022 to \$0.906 as at 31 March 2023. The decrease can be attributed to the \$0.07 per Unit distribution paid to all VPEG2A and VPEG2B investors in February 2023. Excluding the distribution, VPEG2A and VPEG2B appreciated 2.11% and 1.76% respectively, driven by a number of valuation increases across the portfolio.

As at 31 March 2023, VPEG2A and VPEG2B have delivered net of fees returns to investors of 19.5% p.a. and 13.4% p.a. respectively since the final close of the VPEG2 entities on 28 May 2015.

PERFORMANCE

As a result of the exits across the December 2022 and March 2023 quarters, VPEG2A and VPEG2B distributed a further \$0.07 per Unit to all investors during February 2023. With this distribution, VPEG2A and VPEG2B's Distributed to Paid-In (DPI) lifts to 1.41x and 1.37x respectively, comfortably placing it in the top decile of a 2014 Vintage Private Equity Fund-of-Funds ("PE FoF") globally.

Following the payment of this distribution to all VPEG2A and VPEG2B investors, VPEG2's Total Value to Paid-in Capital (TVPI) ratio increased to 2.274x, ranking VPEG2 in the top quartile for 2014 Vintage PE FoF, globally as reported by Pitchbook for period end 31 March 2023.²

This robust return illustrates Vantage's commitment to generating top quartile returns for VPEG2 investors. Vantage's investment team's diligent approach to investment selection, coupled with a deep focus on diversification across manager, vintage year, industry sector and geographic location, ultimately reduces the risk of loss within the portfolio, enabling VPEG2 to ultimately deliver strong returns to investors over the medium to long-term.

The table below provides a summary of the performance of VPEG2's portfolio as at 31 March 2023.

VPEG2 SUMMARY PERFORMANCE AT 31 MARCH 2023

	VPEG2 Entity	
	VPEG2A	VPEG2B
Cash	1.7%	1.7%
Fixed Interest	2.5%	1.8%
Private Equity (Value)	96.1%	97.0%
Paid Capital (\$ / Unit)	\$1.00	\$1.00
NAV (\$ / Unit)	\$0.865	\$0.906
Cumulative Distributions Paid (\$ / Unit)	\$1.409	\$1.368
Total Value + Distributed (\$ / Unit)	\$2.274	\$2.274
Net Return Since Inception (p.a.)	19.5%	13.4%

2. Vantage defines "top quartile" as Private Equity Fund of Funds whose funds have historically performed in the first quartile when benchmarked against other funds within the same strategy and vintage. Based on private market benchmarking tool Pitchbook.

PORTFOLIO DEVELOPMENTS

Across the March 2023 quarter, VPEG2 made further progress in the sell down of remaining portfolio companies, with the completed exit of one portfolio company.

During the quarter, VPEG2 received distributions totaling \$487,349 from:

- Allegro Fund II, comprising proceeds from the repayment of loans to Pizza Hut
- Waterman 3, reflecting proceeds received from the sell-down of its residual investment in My Food Bag (ASX:MFB)

Drawdowns during the quarter from VPEG2 totaling \$466,752 were paid to Adamantem Capital Fund I for the follow-on investments into portfolio companies Legend Corporation, Zenitas Healthcare and Hygain, as well as for management fees and working capital requirements for the period.

Despite the ongoing economic uncertainty, VPEG2's private equity managers remain committed to portfolio management, utilising their expertise and resources to generate long-term profitability across the portfolio. Although the prevailing conditions are variable, VPEG2's managers acknowledge that the macroeconomic environment may create some challenges for some companies, but their investment strategy to generate long-term value across the portfolio of companies remains unaffected. As a result, the VPEG2 portfolio remains well-positioned to deliver strong risk-adjusted returns to investors. Several portfolio company investments are approaching the realisation stage of their investment period and negotiations for their exits are underway. As more portfolio company sales occur, the proceeds received will be distributed back to VPEG2 investors, resulting in a robust risk-adjusted return on their investment throughout the term of the Fund. As at 31 March 2023, VPEG2 had ultimately invested in 55 underlying company investments and had completed 29 exits (fully or partially realised) from the portfolio.

OVERVIEW OF COMPLETED EXIT

MY FOOD BAG (ASX : MFB) - WATERMAN CAPITAL FUND 3

In March 2021, Waterman Capital Fund 3 successfully floated My Food Bag on the NZX and the ASX, delivering strong returns for investors, including VPEG2A and VPEG2B. As part of the IPO, Fund 3 was required to retain a portion of their ownership in escrow, which expired in May 2022.



This residual ownership was sold in February 2023 via an off-market transaction, resulting in the complete exit of My Food Bag for Waterman Capital Fund 3 and its investors, including VPEG2A and VPEG2B. Proceeds from the realisation were distributed back to VPEG2 in March 2023.

PORTFOLIO STRUCTURE

VPEG2's PORTFOLIO STRUCTURE - 31 MARCH 2023

The tables and charts below provide information on the breakdown of VPEG2's investments as at 31 March 2023.

CURRENT INVESTMENT PORTFOLIO ALLOCATION

The following tables provide the percentage split of the current investment portfolio of each of VPEG2A and VPEG2B, across cash, fixed interest securities (term deposits) and Private Equity.

The Private Equity component of each portfolio is further broken down by the investment stage (Later Expansion or Buyout) of the underlying investments that currently make up each trust's Private Equity portfolio.

VPEG2A			
Cash	Fixed Interest Investments	Private Equity	
1.7%	2.5%	Later Expansion	32.2%
		Buyout	63.6%

VPEG2B			
Cash	Fixed Interest Investments	Private Equity	
1.7%	1.8%	Later Expansion	31.9%
		Buyout	64.6%

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 29 exits completed from the portfolio at quarter end. As a result, VPEG2's Private Equity portfolio and commitments, as at 31 March 2023 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	6
Allegro Fund II	\$180m	2014	Lower to Mid Market Expansion / Buyout	\$4.0m	\$2.0m	\$3.93m	\$1.96m	9	5
Mercury Capital Fund 2	\$300m	2015	Lower to Mid Market Expansion / Buyout	\$3.8m	\$1.2m	\$3.46m	\$1.09m	7	5
CPE Capital 8	\$735m	2016	Mid Market Buyout	\$6.0m	\$2.0m	\$5.29m	\$1.76m	10	7
Waterman Capital Fund 3	NZ\$200m	2016	Lower to Mid Market Expansion / Buyout	NZ\$3.0m	NZ\$1.0m	\$2.29m	\$0.73m	4	3
Pencarrow Bridge Fund	NZ\$80m	2016	Lower to Mid Market Expansion / Buyout	NZ\$1.5m	NZ\$0.5m	\$1.26m	\$0.41m	4	1
Adamantem Capital Fund I	\$591m	2017	Mid Market Expansion / Buyout	\$7.6m	\$2.4m	\$6.43m	\$2.03m	6	1
Odyssey Fund 8	\$275m	2017	Mid Market Expansion / Buyout	\$6.0m	\$2.0m	\$5.23m	\$1.74m	6	1
Co-invest (Fitzpatrick Financial Group)	\$200m	2017	Mid Market Expansion	\$0.4m	\$0.1m	\$0.43m	\$0.14m	1	-
Total³				\$38.0m	\$13.1m	\$33.50m	\$11.59m	55	29

³ 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.

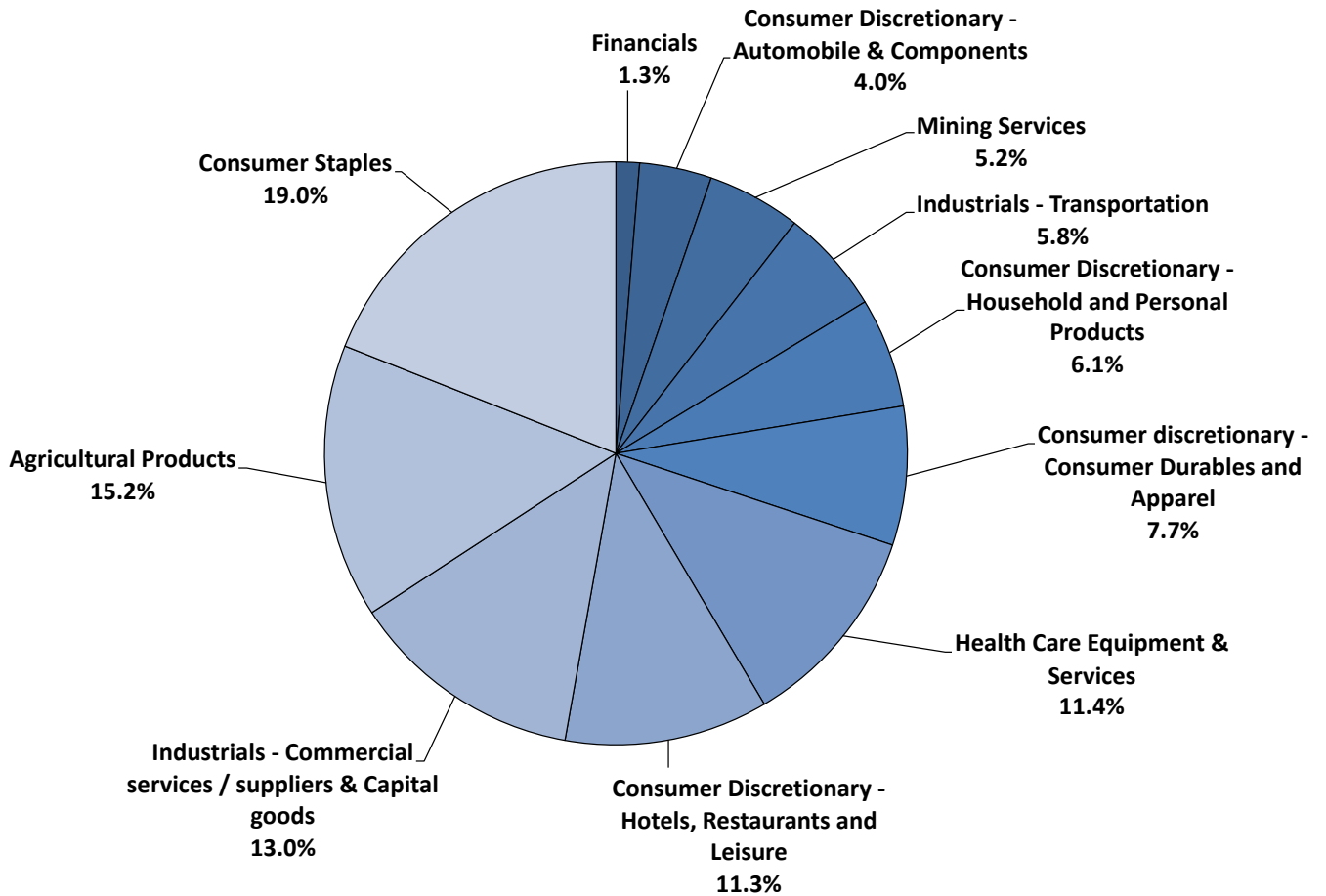
SUMMARY OF VPEG2's TOP 10 UNDERLYING PRIVATE EQUITY INVESTMENTS

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 31 March 2023.

Rank	Investment	Fund	Description	% of VPEG2's Private Equity Investments	Cumulative %
1	Delta Agribusiness	Odyssey Private Equity Fund 8	Provider of Agricultural Products and Independent Rural Services	8.2%	8.2%
2	ASDAM (previously Marand)	CPE Capital 8	Supplier of Precision Engineered Solutions for Aerospace & Defence Industries	7.3%	15.5%
3	Hellers	Adamantem Capital I	Producer of Processed Meats in New Zealand	7.2%	22.7%
4	Hygain Holdings Pty Ltd	Adamantem Capital I	Premium Horse Feed Manufacturer & Distributor	7.1%	29.8%
5	Tamaki Health Group	Mercury Capital 2	New Zealand Primary Care Operator	6.3%	36.1%
6	Noisette Bakery	Next Capital Fund III	Artisanal Commercial Bakery	6.3%	42.4%
7	Sushi Sushi	Odyssey Private Equity Fund 8	Franchisor and Sushi Retailer	5.9%	48.3%
8	Lynch Group	Next Capital III	Wholesaler and grower of flowers and potted plants in Australia & China	4.9%	53.2%
9	FRANKIE4	Odyssey Private Equity Fund 8	Leading Womens Supportive Footwear Label	4.6%	57.8%
10	Pizza Hut	Allegro Fund II	Australia's largest pizza chain	4.2%	62.0%

INDUSTRY SPREAD OF VPEG2's UNDERLYING INVESTMENTS

VPEG2's exposure to the "Consumer Staples" industry sector which consists of Hellers, Noisette Bakery, Everest and The Collective represents VPEG2's largest industry sector exposure representing 19.0% of VPEG2's total Private Equity portfolio at quarter end.



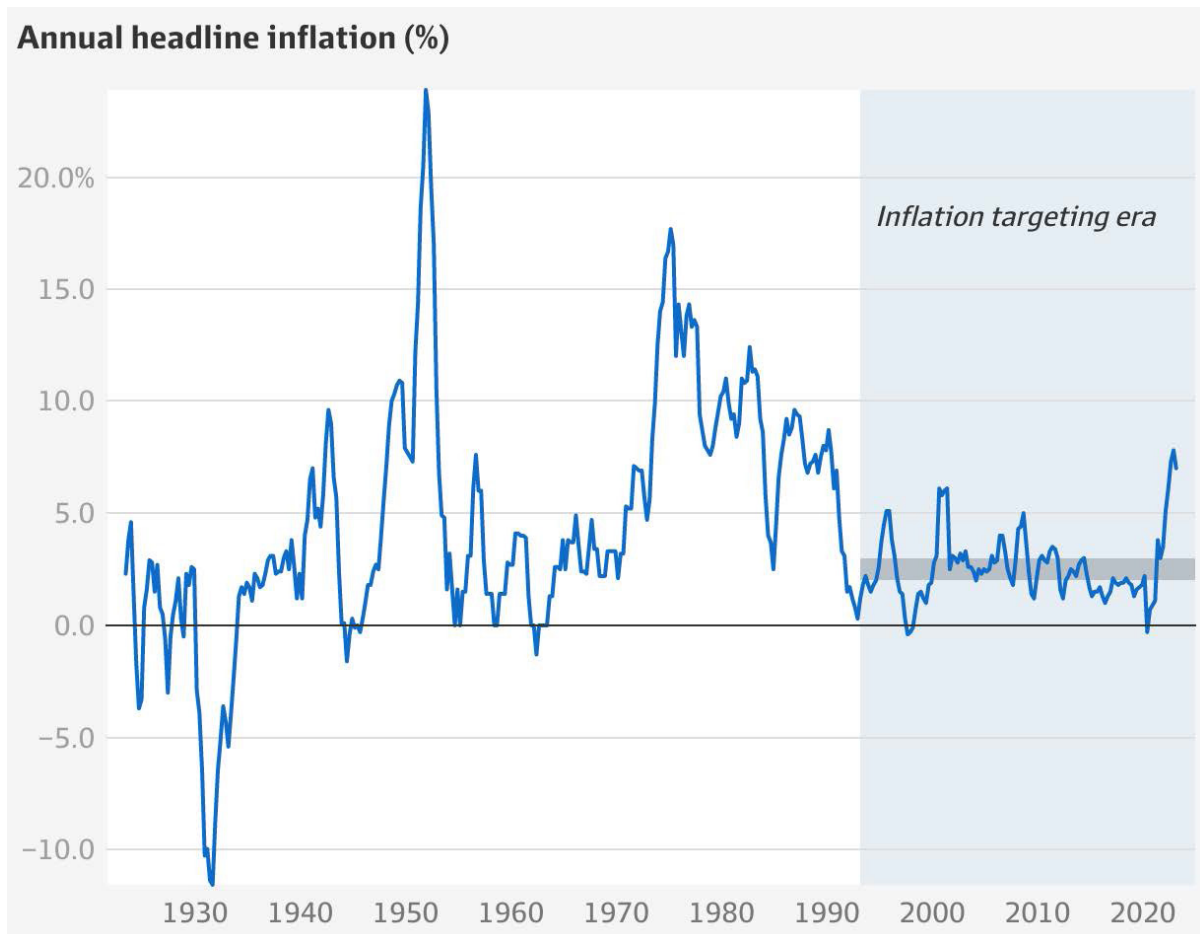
Figure; Industry exposure of VPEG2's underlying investments as at 31 March 2023

MARKET & ECONOMIC UPDATE

Inflation fell to 7 per cent in the March quarter, amid an easing in price pressures for food, clothing and housing construction, confirming the worst of Australia's inflation outbreak has passed.

The figures were a little stronger than market expectations for annual inflation of 6.9 per cent, but consistent with analysis by professional economists and the RBA that price pressures peaked at the end of last year.

Prices increased by 1.4 per cent within the March quarter itself, which was the softest quarterly read in a year.



On 2 May 2023, the RBA Board decided to increase the cash rate target by 25 basis points to 3.85 per cent. It also increased the rate paid on Exchange Settlement balances by 25 basis points to 3.75 per cent.

Despite inflation peaking in Australia, the Board deemed the current 7 percent rate still excessively high, recognizing that it will take some time before it falls within the target range. Considering the crucial need to restore inflation to the desired level within a reasonable timeframe, the Board concluded that an additional interest rate hike was justified.

Trimmed mean inflation, the RBA's preferred measure of underlying price pressures, slowed to 6.6 per cent from 6.9 per cent, which was slightly softer than expectations of 6.7 per cent. Underpinning the fall in inflation was

smaller price rises for goods, as well as lower food inflation. Heavy discounting caused the price of clothing and footwear to fall by 1 per cent in the first three months of the year, while inflation in the price of furniture and appliances also eased. Goods inflation globally has softened recently thanks to falling shipping costs and the resolution of supply chain issues. Inflation in the cost of building a new dwelling – the largest item in the CPI basket – slowed to 13 per cent, down from a peak of 21 per cent last year, thanks to an easing in material cost pressures and softening demand.

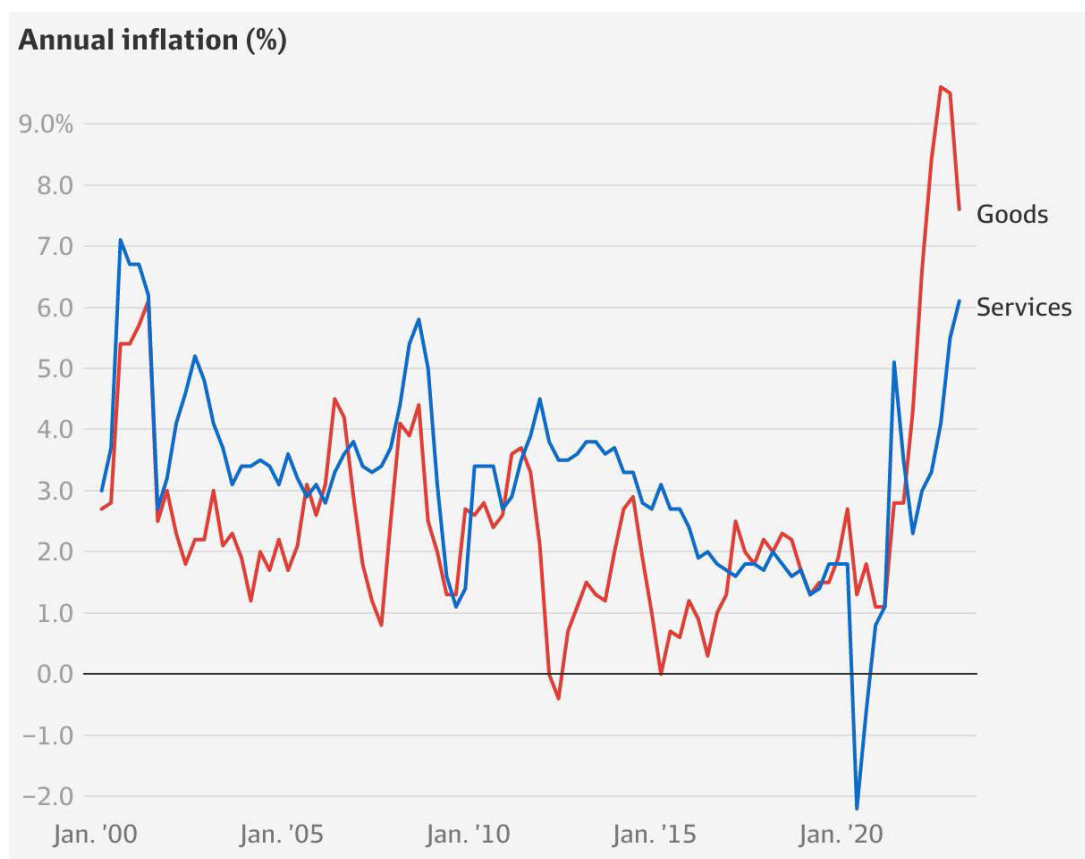


Chart: Michael Read - Source Australian Bureau of Statistics

However, while inflation has slowed in some parts of the CPI basket, price pressures remain elevated in other key components. This includes the cost of renting a home, which is the second-largest item in the CPI basket. An acute shortage of properties has pushed rents 4.9 per cent higher over the year – the fastest pace of rent inflation in more than a decade.

Outside of Sydney and Melbourne, rents have surged by 6.5 per cent over the past year, with further increases expected thanks in part to a strong increase in overseas migration.

Services price inflation hit 6.1 per cent, which was its fastest rate in two decades, driven by higher prices for restaurant meals, holiday travel and medical services.

Education prices, which includes school and university fees, posted their largest rise in five years, increasing by 5.4 per cent over the past 12 months.

Gas prices have increased by 26 per cent over the past year, which the ABS said was the highest annual rate on record.

Electricity prices have increased by 16 per cent since last March, with further price rises expected in June, with default contract prices to jump by 20 to 30 per cent, adding 0.25 of a percentage point to inflation in the financial year starting on July 1.

The RBA's February economic forecasts show the central bank expects headline inflation to slow to 4.8 per cent by the end of the year, and to 3 per cent by mid-2025, as the fastest tightening cycle in a generation forces the economy to cool.

This quarter, private equity origination activity was the lowest it has been for over 10 years. Five deals were announced or completed over the period. These deals were in the financial services, education and agribusiness sectors.

Following a similar trend, there were only 3 exits during the March quarter, significantly lower than the 13 exits announced over the same period 12 months prior. The market remains attractive and open to exits via trade or secondary sales. VPEG2's underlying managers report that there are a number of ongoing discussions and negotiations for the exit of portfolio companies, which are expected to be completed over the remainder of 2023, ultimately delivering further returns for VPEG2 investors.

CONTACT DETAILS

Vantage Private Equity Growth Trusts 2A & 2B

Level 39, Aurora Place

88 Phillip Street

Sydney, New South Wales 2000

INVESTMENT MANAGER & TRUSTEE

Investment Manager of the Trust's VPEG2A & VPEG2B: Vantage Asset Management Pty Limited

ACN: 109 671 123

Australian Financial Services Licence: 279186

Level 39, Aurora Place

88 Phillip Street

Sydney, New South Wales 2000

Telephone: +61 2 9067 3133

Email: info@vantageasset.com

Website: www.vpeg2.info

Website: www.vantageasset.com