

VANTAGE PRIVATE EQUITY GROWTH 2



QUARTERLY INVESTOR REPORT
30 SEPTEMBER 2024

CONTENTS

VPEG2

EXECUTIVE SUMMARY	3
PERFORMANCE	5
PRIVATE EQUITY PORTFOLIO	7
PRIVATE EQUITY ACTIVITY	11
MARKET INSIGHTS	13





EXECUTIVE SUMMARY

Welcome to the Vantage Private Equity Growth 2 (VPEG2) quarterly investor report for the period ending 30 September 2024.

The September quarter saw VPEG2 progress well as the portfolio further matures and enters its harvest period. The lower to mid-market continues to be a highly active segment for M&A and a natural source of attractive deal flow for large, foreign and domestic buyers.

VPEG2's underlying portfolio is well-positioned to capitalise on this strong demand, with all of VPEG2's underlying private equity managers focused on positioning each underlying asset for a near to medium-term sale.

PORTFOLIO HIGHLIGHTS

During the period one exit was realised, with **Allegro Fund II** completing the sale of **JSW Drilling**, a Western Australian production drilling business that is a leading operator in the mineral drilling and drill and blast segments. As a result of this exit, the total number of company exits from VPEG2's portfolio increased to 38 at period end, with 17 remaining in the fund.

VPEG2 FUND ACTIVITY

During the quarter, a capital call totalling \$97,200 was paid to Odyssey Private Equity Fund 8. The called capital was predominately due to management fees and working capital requirements throughout the period for VPEG2's holding in that fund.

No additional capital calls were issued by VPEG2 to investors as each of VPEG2A and VPEG2B had already called 100% of investors committed capital.

During the period, distributions totalling \$2,210,440 were received from Allegro Fund II, Next Capital Fund III and Pencarrow Bridge Fund. The distributions received during the period were predominately from the previously reported exits of the Next Capital Fund III portfolio company Noisette and Allegro Fund II portfolio company Everest Ice Cream. The remainder of the distributions received related to a return of capital payment.

As a result of the receipt of these proceeds from these exits and previously received distributions, VPEG2 conducted a distribution to all VPEG2A and VPEG2B investors on 13th November 2024 totalling **6% of investors Committed Capital**. As at 30 September 2024 the **DPI multiple to VPEG2A and VPEG2B** investors was **1.5x** respectively.

VPEG2A's and VPEG2B's **Net Asset Value (NAV)** as at 30 September 2024 was **\$0.771** and **\$0.798** per unit respectively, generating a **net annualised return of 18.0% p.a. for VPEG2A investors and 12.6% p.a. for VPEG2B investors**, since the Fund's Final Close in May 2015. VPEG2A's and VPEG2B's investors **Total Value to Paid In (TVPI)** multiple at period end stands at **2.3x** respectively.

VPEG6 MAKES THIRD PRIMARY COMMITMENT & REMAINS OPEN FOR INVESTMENT

Following extensive due diligence & analysis conducted by the Vantage investment team over the September 2024 quarter, VPEG6 made its third primary capital commitment, to Genesis Capital Fund II (GC Fund II). Genesis Capital are specialist healthcare investors with a strong track record of targeting fragmented healthcare sub-sectors demonstrating thematic tailwinds in Australia and New Zealand.

This third commitment follows VPEG6's initial two primary capital commitments to Allegro Fund IV Side Car 2 and Waterman Fund 5, which takes the total quantum of VPEG6's primary capital commitment allocations to over \$40 million.

VPEG6 will remain open for investment until either the Fund's target size of \$250 million is reached, or the second anniversary of the First Closing Date.



EXECUTIVE SUMMARY

If you wish to learn more on VPEG6 or would like to make an application, please contact Vantage's Investor Services Team via email at info@vantageasset.com or call 02 9067 3133.

An application can be made by contacting your Wealth Adviser or VPEG6's Online Application form by copying the following link into your web browser;

<https://apply.automic.com.au/VPEG6>

VANTAGE TEAM ADDITIONS

Following a number of recent additions to the Vantage team across the Directorship & Investment Committee, Finance Team and Investor Relations, Vantage is pleased to announce Oliver Hedley-Whyte has joined the Investment Team as Investment Director. Oliver brings over 10 years of direct mid-market Private Equity experience across Australia and the UK.

The expansion of the Vantage team underscores our firm's evolution and highlights the rising investment momentum across all of Vantage's Private Equity programmes. The addition of Oliver to the investment team also enhances our commitment to exceptional service for our investors and reinforces our dedication to delivering on our core mission.

VPEG2 & VPEG6 INVESTEE WATERMAN CAPITAL WINS FIRM & DEAL OF THE YEAR

During the recent NZ Private Capital conference in Queenstown, New Zealand, VPEG2 & VPEG6 investee Waterman Capital was awarded Firm of The Year, for their continued positive industry contribution, and Deal of The Year, for their Fund 4 investment in Fusion5.

The awards to Waterman recognise Vantage's continued ability to identify, select and invest across a diversified set of Private Equity funds managed by the top tier performing Private Equity fund managers in Australia & New Zealand.

PERFORMANCE



PERFORMANCE

QUARTER ENDING	30 SEPTEMBER 2024	
FINAL CLOSE	MAY 2015	
STRATEGY	PRIVATE EQUITY FUND OF FUNDS	
VPEG2 ENTITY	VPEG2A	VPEG2B
COMMITTED CAPITAL (\$M)	\$27.08	\$8.85
PAID CAPITAL (\$M)	\$27.08	\$8.85
NET ASSET VALUE (NAV) PER UNIT	\$0.771	\$0.798
DISTRIBUTED TO PAID IN (DPI) MULTIPLE	1.5x	1.5x
TOTAL VALUE TO PAID IN (TVPI) MULTIPLE	2.3x	2.3x
NET ANNUALISED RETURN	18.0%	12.6%
PORTFOLIO		
TOTAL COMMITTED CAPITAL TO PRIVATE EQUITY	\$51.50	
NO. OF PRIMARY PRIVATE EQUITY COMMITMENTS	8	
NO. OF CO-INVESTMENTS	1	
NO. OF PORTFOLIO COMPANIES	55	
NO. OF EXITS	38 ¹	
NO. OF REMAINING PORTFOLIO COMPANIES	17	



1. Exit count includes both completed and announced exits at reporting period

PRIVATE EQUITY PORTFOLIO





PRIVATE EQUITY PORTFOLIO

VPEG2 PRIVATE EQUITY PORTFOLIO

PRIVATE EQUITY FUND NAME	FUND / DEAL SIZE (\$M)	VINTAGE	INVESTMENT STRATEGY	COMMITMENT (\$M)	CAPITAL DRAWN (AUD\$M)	PORTFOLIO COMPANIES	EXITS ²
NEXT CAPITAL FUND III	\$265	2014	EXPANSION / BUYOUT	\$7.20 ³	\$6.89	8	8
ALLEGRO FUND II	\$180	2014	EXPANSION / BUYOUT	\$6.00	\$5.89	9	8
MERCURY CAPITAL FUND 2	\$300	2015	EXPANSION / BUYOUT	\$5.00	\$4.55	7	6
CPE CAPITAL 8	\$735	2016	BUYOUT	\$8.00	\$7.05	10	8
WATERMAN FUND 3	NZ\$200	2016	EXPANSION / BUYOUT	NZ\$4.00	\$3.03	4	4
PENCARROW BRIDGE FUND	NZ\$80	2016	EXPANSION / BUYOUT	NZ\$2.00	\$1.71	4	2
ADAMANTEM CAPITAL FUND I	\$591	2017	EXPANSION / BUYOUT	\$10.00	\$8.46	6	1
ODYSSEY PRIVATE EQUITY FUND 8	\$275	2017	GROWTH CAPITAL	\$8.00	\$7.30	6	1
CO-INVEST NO.1 (FITZPATRICKS FINANCIAL GROUP)	\$200	2017	EXPANSION	\$0.50	\$0.59	1	0
TOTAL				\$ 51.50	\$45.48	55	38

2. Exit count includes both completed and announced exits at reporting period

3. Effective 31 October 2022, \$0.8m committed capital to Next Capital Fund III was cancelled, resulting the revised committed capital to be \$7.20 million.



PRIVATE EQUITY PORTFOLIO

TOP 10 HOLDINGS ACROSS THE PORTFOLIO

	PORTFOLIO COMPANY	FUND	DESCRIPTION	% SHARE	CUMULATIVE
1	DELTA AGRIBUSINESS	ODYSSEY FUND 8	PROVIDER OF AGRICULTURAL PRODUCTS & INDEPENDENT RURAL SERVICES	10.8%	10.8%
2	HELLERS	ADAMANTEM CAPITAL I	PRODUCER OF PROCESSED MEATS IN NEW ZEALAND	9.8%	20.6%
3	SUSHI SUSHI	ODYSSEY FUND 8	FRANCHISOR & SUSHI RETAILER	9.8%	30.4%
4	TAMAKI HEALTH GROUP	MERCURY CAPITAL 2	NEW ZEALAND PRIMARY CARE OPERATOR	7.5%	37.9%
5	LEGEND CORPORATION LTD	ADAMANTEM CAPITAL I	WHOLESALE & DISTRIBUTOR OF ELECTRICAL & GAS PRODUCTS	7.0%	44.8%
6	ASDAM	CPE CAPITAL 8	SUPPLIER OF PRECISION ENGINEERED SOLUTIONS FOR AEROSPACE & DEFENCE INDUSTRIES	6.2%	51.1%
7	HYGAIN HOLDINGS PTY LTD	ADAMANTEM CAPITAL I	PREMIUM HORSE FEED MANUFACTURER & DISTRIBUTOR	6.1%	57.1%
8	TERREX SEISMIC	ALLEGRO FUND II	SEISMIC SERVICES PROVIDER	5.3%	62.4%
9	FRANKIE4	ODYSSEY FUND 8	LEADING WOMEN'S SUPPORTIVE FOOTWEAR LABEL	5.2%	67.6%
10	NETLOGIX	PENCARROW BRIDGE FUND	TECHNOLOGY ENABLED FREIGHT LOGISTICS	5.0%	72.6%



PRIVATE EQUITY PORTFOLIO

INDUSTRY DIVERSIFICATION OF PORTFOLIO

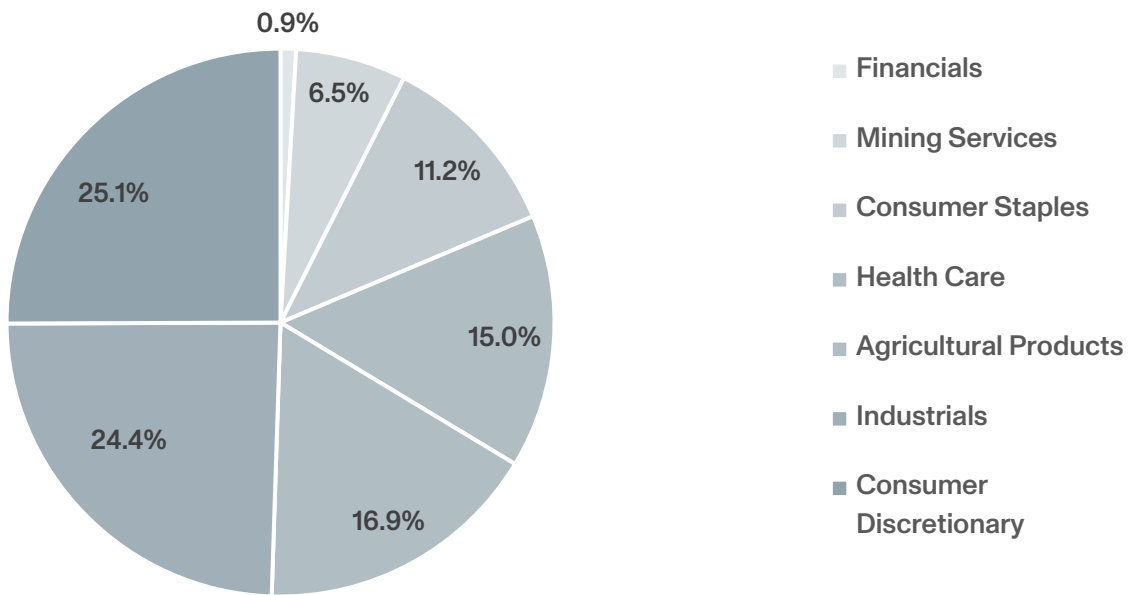


Image: Industry diversification of VPEG2 portfolio at period end 30 September 2024. Key is in ascending order.

PORTFOLIO ACTIVITY





PORTFOLIO ACTIVITY

Private equity activity continued to be robust throughout the September 2024 quarter, with the continued divestment across VPEG2's underlying portfolio. As operating environments improve and a clearer view of economic uncertainties are decimated, VPEG2's underlying managers have observed increased buyer interest in portfolio companies. This trend is expected to lead to further portfolio company exits, with additional distributions to investors as each sale transaction is completed.



During September 2024, **Allegro Fund II** completed the sale of **JSW Australia ("JSW")** to Outback Mining Services ("OMS"), a complete mining Maintenance provider. Allegro acquired JSW out of the administration of Hughes Drilling in December 2016. The investment secured the employment continuity for approximately 140 staff, who contributed towards shaping JSW's expertise in specialist blasting practices that protect infrastructure and cultural heritage. Allegro rebuilt earnings across their ownership through upgrading management and product capabilities to support a pipeline of projects in Western Australia (WA). At exit JSW was the leading operator in the mineral drilling, drill and blast segments in WA.

Other portfolio activity during the quarter included, **CPE Capital 8** portfolio company **Banksmeadow Recycling** completing the significant bolt-on of **Browns Bros**, a waste collections business based on the Northern Beaches and Eastern Suburbs of Sydney. The bolt-on investment will strengthen Banksmeadow Recycling's collection capabilities in the Northern Beaches and Eastern Suburbs, expanding its customer base. This acquisition also improves Banksmeadow's logistical efficiency in waste management.

As at 30 September 2024, VPEG2 had ultimately invested in 55 underlying portfolio companies, with 38 portfolio company exits completed or announced as at quarter end.

MARKET INSIGHTS





MARKET INSIGHTS

The M&A market is showing encouraging signs with the majority of Vantage's underlying managers becoming increasingly confident and expecting an increase in deal activity for both the remainder of the year and 2025.

2024 has seen lingering concerns of 'sticky' inflation and sustained levels of high interest rates, meaning M&A processes have taken longer to complete or ultimately been put on-hold. However, recent market commentary suggests a marked improvement in sentiment, with dealmakers growing accustomed to the current environment, and both buyers and sellers successfully recalibrating their valuation expectations. This large backlog of deals, improved alignment on valuation, alongside the potential for modest interest rate reductions and an easing of inflationary pressures, is expected to drive a substantial uptick in deal activity in 2025.

As international events have unfolded, geopolitical factors have become an increasingly important feature to consider when assessing M&A. However, rather than suppressing deal M&A appetite in Australia and New Zealand, this uncertainty has helped position these markets as increasingly attractive destinations for capital deployment due to their stable economies and predictable political environments.

Vantage's underlying managers are well-placed to benefit from these key themes, particularly given their focus on the lower to mid-market segment. There continues to be an abundance of high-quality investment opportunities with founders and management teams attracted to local, established private equity managers that can help accelerate their growth ambitions. Meanwhile, these same managers can then benefit at exit from the substantial pool of buyers that are eager to deploy capital into high-quality, scaled platforms with potential to grow offshore.

During Q1 FY2025, Vantage's flagship Private Equity Funds witnessed this with the announced sales of portfolio companies: Compass Education (VPEG3) to global private equity investor EQT, and Civilmart (VPEG4 & VPEG5) to Irish industrials conglomerate CRH Company.

Overall private equity transaction activity remained consistent with the prior quarter with 11 acquisitions across healthcare, education, software and business support sectors, alongside four completed or announced exits.

DIRECTORY

CONTACT DETAILS

Vantage Private Equity Growth Trust 2A & Vantage Private Equity Growth Trust 2B
Level 33, Aurora Place
88 Phillip Street
Sydney, 2000 Australia

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
Vantage Asset Management Pty Limited
Managing Director - Michael Tobin
Phone: +612 9067 3133
Email: info@vantageasset.com
Website: www.vantageasset.com

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.



VANTAGE ASSET MANAGEMENT

