

# **VANTAGE PRIVATE EQUITY GROWTH 2**



**QUARTERLY INVESTOR REPORT**  
**31 DECEMBER 2024**

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# EXECUTIVE SUMMARY

Welcome to the Vantage Private Equity Growth 2 (VPEG2) quarterly investor report for the period ending 31 December 2024.

The December quarter proved to be a highly active period for the lower to mid-market segment, with strong deal flow from both financial sponsors and strategic buyers seeking opportunities in resilient, high-growth sectors across Australia and New Zealand.

VPEG2 is well into its divestment phase having delivered 39 exits to date, with 16 portfolio companies remaining in the Fund. Vantage's managers are increasingly seeking to capitalise on the strong market activity and position their portfolio companies for sale. In turn, this should see further exits across VPEG2's portfolio through 2025.

## PORTFOLIO HIGHLIGHTS

During the December quarter, **Odyssey Private Equity Fund 8** announced the sale of **Delta Agribusiness to Elders Limited (ASX: ELD)**, for a media reported \$475 million.

Consistent with prior quarters, and reflective of VPEG2 being in its divestment phase, there were no new investments during the quarter, with managers focused on the execution of their value creation plans across the portfolio.

## VPEG2 FUND ACTIVITY

During the quarter, a capital call totalling \$44,000 was paid to Odyssey Private Equity Fund 8. The called capital was for management fees and working capital requirements. No additional capital calls were issued by VPEG2 to investors as both VPEG2A and VPEG2B entities had already called 100% of investors' capital to date.

During the period, distributions totalling \$300,711 were received from Next Capital Fund III, Pencarrow Bridge Fund, Odyssey Fund 8 and Waterman Capital Fund 3. The distributions predominately related to the dividend received from Odyssey Fund 8 portfolio company Delta Agribusiness following strong operating performance. The remainder of the distributions received were due to a small divestment of a portfolio company's regional operations and residual proceeds from two previously exited portfolio companies.

As a result of these proceeds and the previous distributions received during the September 2024 quarter, VPEG2 conducted a distribution to all VPEG2A and VPEG2B investors on the 13<sup>th</sup> November 2024 totalling **\$0.065 per Dollar of investors Committed Capital**. Consequently, VPEG2A's and VPEG2B's **Distributed to Paid-In (DPI)** multiple increased to **1.61x** and **1.58x** respectively as at 31 December 2024.

As at 31 December 2024, VPEG2A's and VPEG2B's **Net Asset Value (NAV)** was **\$0.706** and **\$0.728** per unit respectively. VPEG2A's and VPEG2B's **Total Value to Paid In (TVPI)** multiple stands at **2.31x** respectively, representing a **net annualised return of 17.8% p.a. for VPEG2A investors and 12.5% p.a. for VPEG2B investors**, since the Fund's Final Close in May 2015.

## FIRST VPEG6 PORTFOLIO COMPANY INVESTMENT

During the December 2024 quarter, VPEG6 achieved a significant milestone with the Fund's first portfolio company acquisition, of **Pacific Smiles Group Limited (ASX:PSQ)**, the second largest dental platform in Australia, by **Genesis Capital Fund II (GC Fund II)**.

The acquisition of Pacific Smiles marks an exciting period for VPEG6, commencing the underlying portfolio company activity within the Fund. Other private equity managers within the VPEG6 portfolio are also engaged in advanced due diligence on potential investment opportunities. The execution of these opportunities would see VPEG6's underlying company portfolio grow across Q3 & Q4 FY25.



# EXECUTIVE SUMMARY

## VPEG6 AND VANTAGE - YEAR IN REVIEW

Upon the closing of VPEG6's inaugural calendar year, the Vantage team is pleased to reflect upon the journey of VPEG6 to date. The 2024 calendar year saw the launch and first close of VPEG6, the successful investment of three primary capital commitments to leading Australian and New Zealand (ANZ) private equity managers, and the Fund's first portfolio company investment.

Across all the Vantage Private Equity Growth (VPEG) funds during calendar year 2024, 13 companies were sold from the VPEG funds, delivering a gross 3.0x Multiple of Invested Capital (MOIC) and an average annualised return of 34.3%.

On the investment front, 18 new company investments were completed by the VPEG funds, representing a combined Enterprise Value of over \$3.5 billion.

During the December 2024 quarter, there were five new investments added to the portfolio and six exits across Vantage's flagship private equity funds.

This reinforces the strength of Vantage's focus on the lower to mid-market segment of Private Equity across ANZ. Vantage has strategically targeted this compelling area of the market, which has the largest opportunity set of private companies in Australia, and the lowest-level of competition amongst private equity managers.

## VPEG6 REMAINS OPEN FOR INVESTMENT

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. 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](mailto:info@vantageasset.com) or call 02 9067 3133.

An application can be made by contacting your Wealth Adviser or through VPEG6's Online Application form by copying the following link into your web browser;  
<https://apply.automic.com.au/VPEG6>.

## 2024 ANNUAL GENERAL MEETING

On 28<sup>th</sup> November, Vantage held its VPEG Funds 2024 Annual General Meeting (AGM) at the Sofitel Wentworth, Sydney. Reflecting the exceptional growth of Vantage of recent times, the AGM represented the first time in over a decade that Vantage hosted its AGM as an in-person event, whilst also being accessible via webinar.

The AGM presented the opportunity to demonstrate the strong performance and achievements of the VPEG Funds across the 2024 financial year. We look forward to seeing Vantage's esteemed investors and advisers at the 2025 AGM, with details to be provided in due course.

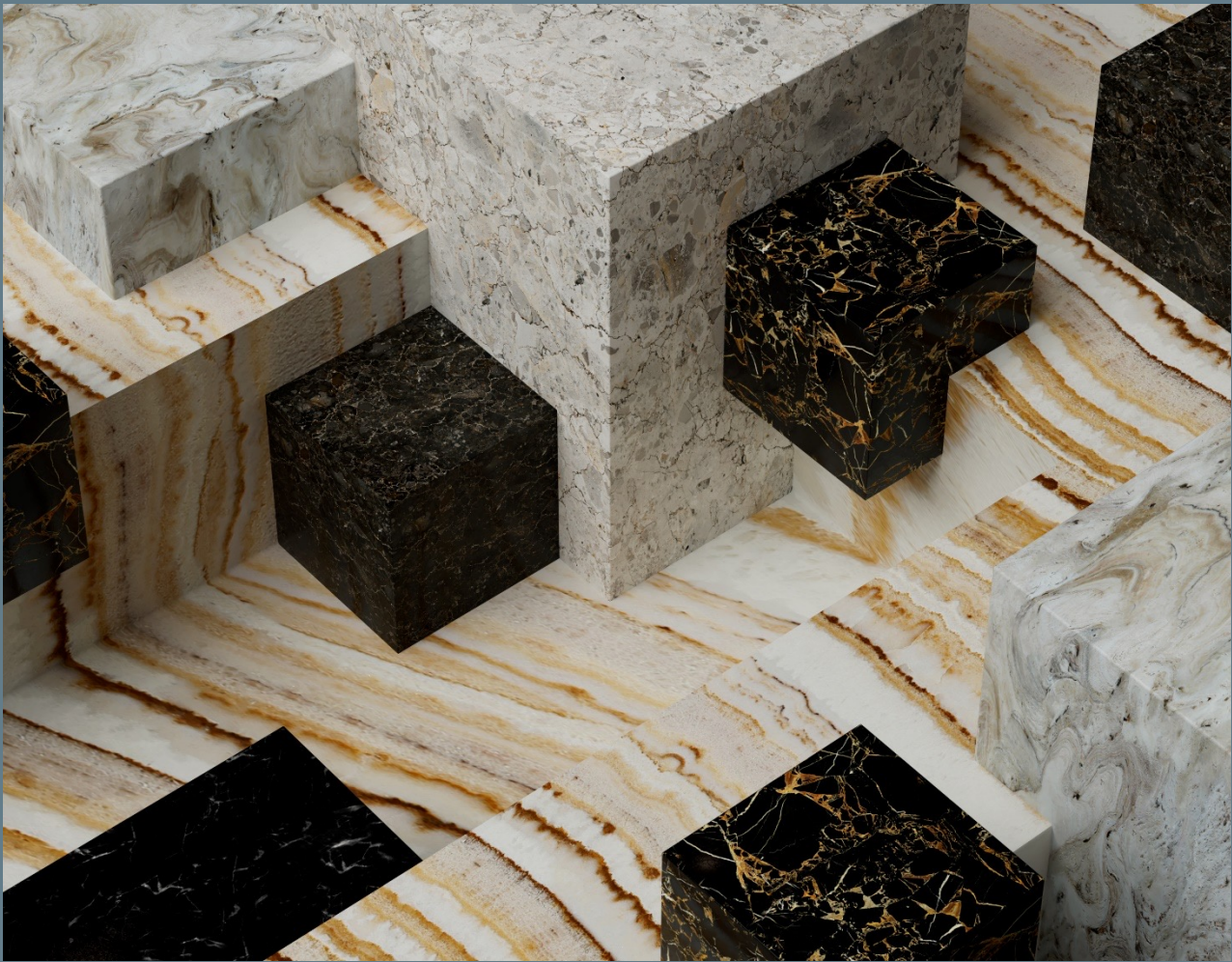
## VANTAGE 20-YEAR ANNIVERSARY

During December, Vantage celebrated its 20-year anniversary on Sydney Harbour, with the Vantage team celebrating with a number of prominent and long-time investors, advisers and private equity fund managers. The event was an extraordinary reminder of the trust and collaboration that have been fundamental to the Vantage journey, and the partnerships that continue to shape Vantage's future.

## VANTAGE TEAM STRATEGY OFFSITE

Capping off an active quarter for Vantage, the firm held its 2024 Strategy Offsite in the Hunter Valley, allowing the team to align on Vantage's vision and plans for 2025 and beyond. This provided an invaluable opportunity to strengthen the team's focus on delivering exceptional value to Vantage's investors and continue to build relationships with Vantage's private equity managers, whilst ensuring the firm remains agile and responsive in an ever-evolving private equity market.

# PERFORMANCE



# PERFORMANCE

QUARTER ENDING	31 DECEMBER 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	\$0.706	\$0.728
DISTRIBUTED TO PAID IN (DPI) MULTIPLE	1.61x	1.58x
TOTAL VALUE TO PAID IN (TVPI) MULTIPLE	2.31x	2.31x
NET ANNUALISED RETURN	17.8% p.a.	12.5% p.a.
PORTFOLIO		
TOTAL COMMITTED CAPITAL TO PRIVATE EQUITY (\$M)	\$51.50	
NO. OF PRIMARY PRIVATE EQUITY COMMITMENTS	8	
NO. OF CO-INVESTMENTS	1	
NO. OF PORTFOLIO COMPANIES	55	
NO. OF EXITS	39	
NO. OF REMAINING PORTFOLIO COMPANIES	16	



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 (\$M)	PORTFOLIO COMPANIES	EXITS <sup>2</sup>
NEXT CAPITAL FUND III	\$265	2014	EXPANSION / BUYOUT	\$7.20 <sup>3</sup>	\$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	\$7.35	6	2
CO-INVEST NO.1 (FITZPATRICKS FINANCIAL GROUP)	\$200	2017	EXPANSION	\$0.50	\$0.59	1	0
TOTAL				\$51.50	\$45.53	55	39

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 <sup>4</sup> .	ODYSSEY PRIVATE EQUITY FUND 8	PROVIDER OF AGRICULTURAL PRODUCTS & INDEPENDENT RURAL SERVICES	11.6%	11.6%
2	SUSHI SUSHI	ODYSSEY PRIVATE EQUITY FUND 8	FRANCHISOR & SUSHI RETAILER	9.9%	21.5%
3	HELLERS	ADAMANTEM CAPITAL FUND I	PRODUCER OF PROCESSED MEATS IN NEW ZEALAND	9.1%	30.6%
4	TAMAKI HEALTH GROUP	MERCURY CAPITAL 2	NEW ZEALAND PRIMARY CARE OPERATOR	7.4%	38.1%
5	LEGEND CORPORATION LTD	ADAMANTEM CAPITAL FUND I	WHOLESALE & DISTRIBUTOR OF ELECTRICAL & GAS PRODUCTS	7.3%	45.3%
6	HYGAIN HOLDINGS PTY LTD	ADAMANTEM CAPITAL FUND I	PREMIUM HORSE FEED MANUFACTURER & DISTRIBUTOR	6.4%	51.7%
7	MARAND	CPE CAPITAL 8	SUPPLIER OF PRECISION ENGINEERED SOLUTIONS FOR AEROSPACE & DEFENCE INDUSTRIES	6.3%	58.0%
8	TERREX SEISMIC	ALLEGRO FUND II	SEISMIC SERVICES PROVIDER	6.2%	64.2%
9	FRANKIE4	ODYSSEY PRIVATE EQUITY FUND 8	LEADING WOMEN'S SUPPORTIVE FOOTWEAR LABEL	5.5%	69.7%
10	LYNCH GROUP	NEXT CAPITAL III	WHOLESALE AND GROWER OF FLOWERS AND POTTED PLANTS IN AUSTRALIA & CHINA	5.0%	74.7%

4. As the divestment of portfolio company Delta Agribusiness had been announced but not completed at 31 December 2024, VPEG2 maintained exposure to the asset at period end, and thus is reflected in the top 10 holding count.



# PRIVATE EQUITY PORTFOLIO

INDUSTRY DIVERSIFICATION OF PORTFOLIO

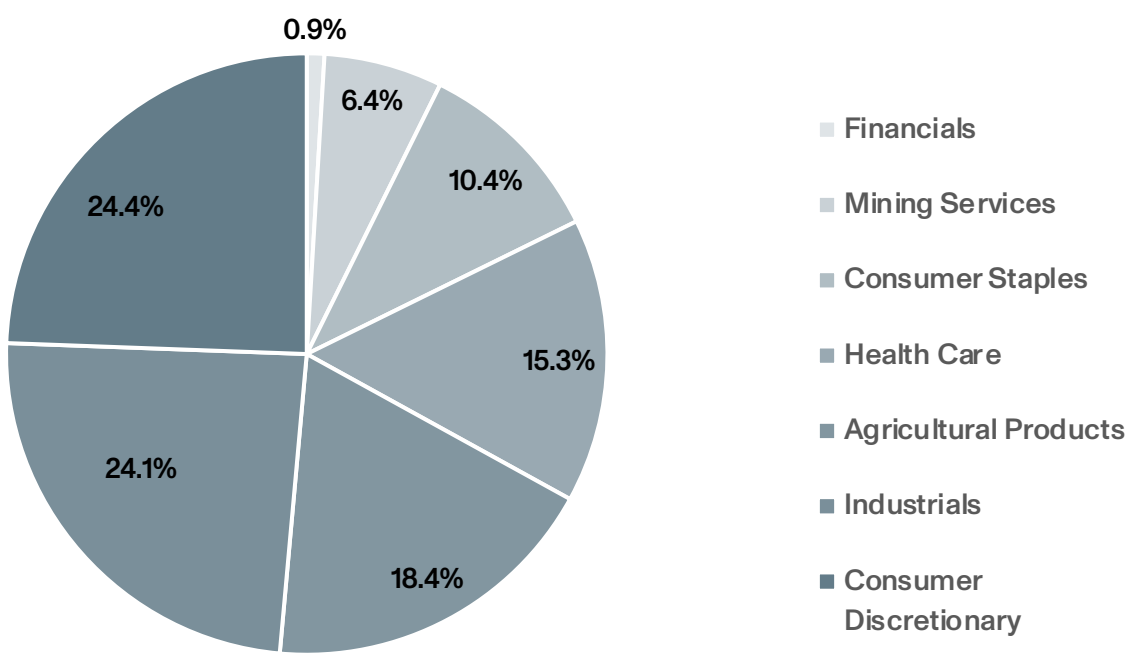


Image: Industry diversification of VPEG2 portfolio at period end 31 December 2024. Key is in ascending order.

# PORTFOLIO ACTIVITY





# PORTFOLIO ACTIVITY

The December quarter saw strong levels of activity in the lower to mid-market private equity segment. Investor appetite remained robust, with strategic acquirers and financial sponsors actively pursuing opportunities in resilient, high-growth sectors across Australia and New Zealand.

This led to the announced sale of portfolio company Delta Agribusiness during the period. Further details of this announced exit are provided below;



During November 2024, **Odyssey Private Equity Fund 8** announced the sale of **Delta Agribusiness** to **Elders Limited (ASX: ELD)**, for a media reported \$475 million. Elders is an Australian agribusiness that provides agriculture goods and services to primary producers in Australia.

Odyssey Private Equity acquired Delta in April 2019 seeing an opportunity to build a leading independent agribusiness, diversified by region and services, and consolidate a fragmented industry.

Across Odyssey's investment, management successfully grew the business through a greenfield and brownfield expansion strategy, targeting key farming regions in Australia to build scale and diversify climate risk, as well as launching its own private label product offering.

Odyssey also successfully executed a number of accretive bolt-on acquisitions. This included NWAG in Victoria (2019), Aglink and Acquire Rural Holdings (DGA) in Western Australia (2021), and Cox Rural in South Australia (2022).

Management successfully transformed Delta into Australia's leading provider of rural products and advisory services operating a network of 68 locations with ~40 independent wholesale customers.

Upon completion of the sale which is expected in Q1 CY25 (post Australian Competition and Consumer Commission approval), the exit will deliver Odyssey Fund 8 and its investors, including VPEG3 a significant return on investment across a 5.5 year hold period.

As VPEG2 matures, it is expected that the number of underlying portfolio exits will significantly increase over the next three to six months as private equity managers engage sell side advisors and sale negotiations commence.

As at 31 December 2024, VPEG2 had invested in 55 underlying portfolio companies, with 39 portfolio company exits completed or announced as at quarter end.



# MARKET INSIGHTS





# MARKET INSIGHTS

The Australian lower to mid-market private equity segment continues to show strong resilience and is well positioned for increased deal activity as we progress through Q1 and into 2025.

At a macro level, 2024 saw a more challenging economic environment driven by modest growth, lingering inflation (fed by high government expenditure) and persistently high interest rates. However, key economic indicators point to more favourable economic conditions in 2025, with core inflation data trending downwards and interest rate relief expected towards the end of this quarter or early next.

Despite geopolitical uncertainty overseas, both Australia and NZ have managed to avoid the rise of populist politics and swings to the far right which have become prevalent in both the US and several European countries. Importantly, Australia runs a trade deficit with the US and is therefore unlikely to be a direct target of Trump's tariffs. While action against China, Australia's largest trading partner, will likely have flow on effects, this is more likely to impact larger, more commodity-linked and export-led businesses that don't sit within Vantage's focus of the lower to mid-market segment.

Recent commentary from M&A market participants suggests a greater convergence on valuation between buyers and sellers. This follows the previous misalignment experienced through most of 2024 which saw prolonged transaction timelines, and in some instances failed sale processes. As such, there remains a large backlog of deals which, with debt markets remaining highly supportive, should see heightened deal activity through the year.

Vantage's managers and their respective portfolio companies are well placed to benefit from these key themes playing out through 2025.

A more stable and positive operating environment should allow for greater conviction in pursuing new growth initiatives to help drive value creation across the portfolio. While from an exit perspective, the prospect of cheaper debt financing, continued interest from both domestic and offshore trade, as well as large buyout funds as they seek to deploy record amounts of capital, should see strong demand for high-quality mid-market businesses.

Vantage's funds and their underlying managers continue to focus on businesses that demonstrate highly defensive characteristics, with proven B2B revenue models, strong customer retention and pricing power.

New investment activity has been focused on the software & IT, healthcare and business services sectors, with very few new retail investments given the challenging consumer backdrop and pull back in discretionary spending.

Overall, 2025 is shaping up to be a strong year for the lower to mid-market segment, across Australia and New Zealand. Improving economic conditions, an increasing pipeline of high-quality opportunities, and greater appetite from both buyer and sellers should see strong growth on what has been a solid December quarter.



# DIRECTORY

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## IMPORTANT INFORMATION

This report has been prepared by Vantage Asset Management Pty Limited ABN 50 109 671 123, AFSL 279186 ('VAM'), in its capacity as Investment Manager of Vantage Private Equity Growth 2. It has been prepared without taking into account the objectives, financial situation or needs of any investor, which should be considered before investing. Investors should seek their own advice about an appropriate investment or investment strategy. This report should not be relied upon as personal advice nor is it an offer of any financial product. All \$ referred to in this report are Australian dollars.



# VANTAGE ASSET MANAGEMENT

