

# Vantage Private Equity Growth Limited

Quarterly Investor Report — Quarter Ending 31 March 2015

< Diversify  
< Grow  
< Outperform

## Special points of interest:

- VPEG's stable NAV and resulting low volatility across the quarter demonstrates the value of VPEG's well diversified, private equity, investment strategy.
- The redemption of preference shares and subsequent demerger of Adairs & Dusk from Home Décor Holdings, in preparation for the IPO of Adairs, leads to a distribution to VPEG.
- Rate of exits from VPEG's portfolio anticipated to accelerate, with at least six underlying portfolio companies currently engaged in a sale process.

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## SUMMARY

### Background

Vantage Private Equity Growth Limited (VPEG) is a multi manager Private Equity investment company structured as an unlisted Australian public company. VPEG 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 Company's investment objective for its Investment Portfolio is to achieve attractive medium to long-term returns on Private Equity investments while keeping the volatility of the overall investment portfolio low. This is achieved by investing across a highly diversified portfolio of Private Equity assets with diversification obtained by allocating across manager, geographic region, financing stage, industry sector and vintage year.

VPEG has invested the majority of its Investment Portfolio into Australian based Private Equity funds who in turn are focused on investing into small to mid market sized companies with enterprise value at initial investment of generally between \$20m and \$500m.

VPEG's investment portfolio is now being divested over time and with total commitments of \$43m across seven private equity funds, it currently holds interests in 25 underlying companies with 23 exits now completed from the portfolio.

As at 31 March 2015, VPEG's investment commitments included, \$8m to each of Archer Capital Fund 4, Catalyst Buyout Fund 2 and Quadrant Private Equity No. 2, \$7m to Next Capital II and \$4m to each of Advent V, Crescent Capital Partners III and Equity Partners Fund No. 3.

### 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 Limited (ABN 51 112 481 875)). 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. It should not be relied upon as personal advice nor is it an offer of any financial product.

## Performance

The period 1 January 2015 to 31 March 2015 again was relatively quiet in terms of follow on investments and exits from VPEG's private equity investment portfolio. However, preference shares held in one underlying portfolio company were redeemed during the quarter, which provided a distribution to VPEG.

As a result, the total number of investments held within VPEG's underlying private equity portfolio at quarter end, remained at twenty five.

The table to the right provides a summary of the performance of VPEG's portfolio during the March 2015 quarter. As demonstrated VPEG's NAV increased marginally from \$0.749 to \$0.750 per share.

The stability of the Net Asset Value per share across the quarter demonstrates the low volatility delivered by VPEG's well diversified investment portfolio, during periods of comparatively low activity with respect to complete exits from the portfolio.

However, Vantage anticipates the rate of exits from the portfolio to accelerate over the next two quarters, with reports from VPEG's underlying manager's indicating at least six underlying companies are currently engaged in a sale process.

Month Ending	VPEG NAV per Ordinary Share*
31-Mar-15	0.750
28-Feb-15	0.753
31-Jan-15	0.750
31-Dec-14	0.749

\*Net Asset Value (NAV) per share post

## Key Portfolio Developments

The period 1 January 2015 to 31 March 2015, was relatively quiet in terms of follow on investments and exits from VPEG's portfolio of private equity investments.

Draw downs during the quarter totaling **\$68,174**, were called by Quadrant Private Equity No.2, Archer Capital Fund 4 and Advent V which contributed toward working capital expenditure (i.e. underlying fund costs and management fees) for those funds during the quarter.

Also during the quarter a total of **\$580,000** in distributions were received by VPEG from Catalyst Buyout Fund 2 (CBF2).

During February 2015, **CBF2** completed the demerger and refinancing of **Home & Décor Holdings** from within its portfolio, which provided a return of the capital invested in the group as well as a dividend distribution to shareholders including VPEG.

The demerger was required to separate the **Adairs** (manchester) business from the **Dusk** (candles) business, in anticipation of the upcoming IPO of Adair's scheduled to list on the ASX during June 2015.

Once Adairs is listed, further distributions will flow to CBF2 investors including VPEG, from CBF2's partial sell down of the Adairs shares it currently holds, into the IPO.

With 23 exits now completed, 25 underlying private equity company investments remain within the portfolio as at 31 March 2015.

**"A total of \$580,000 in distributions were received by VPEG during the quarter, resulting mainly from the refinancing and demerger within the Catalyst Buyout Fund 2."**

## PORTFOLIO STRUCTURE

### VPEG's Portfolio Structure – 31 March 2015

The tables and charts below provide information on the breakdown of VPEG's investments as at 31 March 2015.

#### Current Investment Portfolio Allocation\*

The following table provides the split of VPEG's current investment portfolio across cash, fixed interest securities (term deposits) and Private Equity.

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

Cash	Fixed Interest	Private Equity	
		1.4%	27.4%
		Buyout	54.7%

\*As a percentage of VPEG's Investment Portfolio (or Gross Assets). As at 31 March 2015 VPEG's Gross Assets were \$27.3 million pre tax.

VPEG's exposure to private equity investments increased from 69.8% to 71.2% with the cash and fixed interest component of the portfolio reducing from 30.2% to 28.8% of its total investment portfolio. The slight increase in private equity exposure resulted from an increase in the holding value of underlying private equity investments across the quarter.

#### Private Equity Portfolio

VPEG, with commitments to seven Private Equity funds, ultimately held interests in twenty five underlying company investments, at quarter end. VPEG's Private Equity portfolio and commitments, as at 31 March 2015, were as follows:

Private Equity Fund Name	Fund Size	Vintage Year	Investment Focus	VPEG Commitment	Capital Drawn Down	Total No. of Investee Companies	No. of Exits
Advent V	\$300m	2006	Small to Mid Market Expansion / Buyout	\$4.0m	\$3.92m	8	4
Archer Capital Fund 4	\$1,360m	2007	Mid Market Buyout	\$8.0m	\$7.27m	10	6
Catalyst Buyout Fund 2	\$438m	2008	Mid Market Buyout	\$8.0m	\$5.82m	6	1
Crescent Capital Partners III	\$400m	2006	Small to Mid Market Expansion / Buyout	\$4.0m	\$3.90m	6	4
Equity Partners Fund No. 3	\$76m	2007	Small Market Expansion / Buyout	\$4.0m	\$3.40m	6	1
Next Capital II	\$285m	2008	Small to Mid Market Expansion / Buyout	\$7.0m	\$5.78m	7	3
Quadrant Private Equity No. 2	\$500m	2007	Mid Market Expansion / Buyout	\$8.0m	\$7.06m	5	4
			<b>Total</b>	<b>\$43.0m</b>	<b>\$37.15m</b>	<b>48</b>	<b>23</b>

**"At the end of the March 2015 quarter, VPEG ultimately held interests in twenty five underlying company investments"**

## PORTFOLIO STRUCTURE – continued

### Summary of VPEG’s Top 10 Underlying Private Equity Investments

The table below provides an overview of the top ten underlying private equity investments in VPEG’s portfolio, for which funds had been drawn from VPEG, as at 31 March 2015.

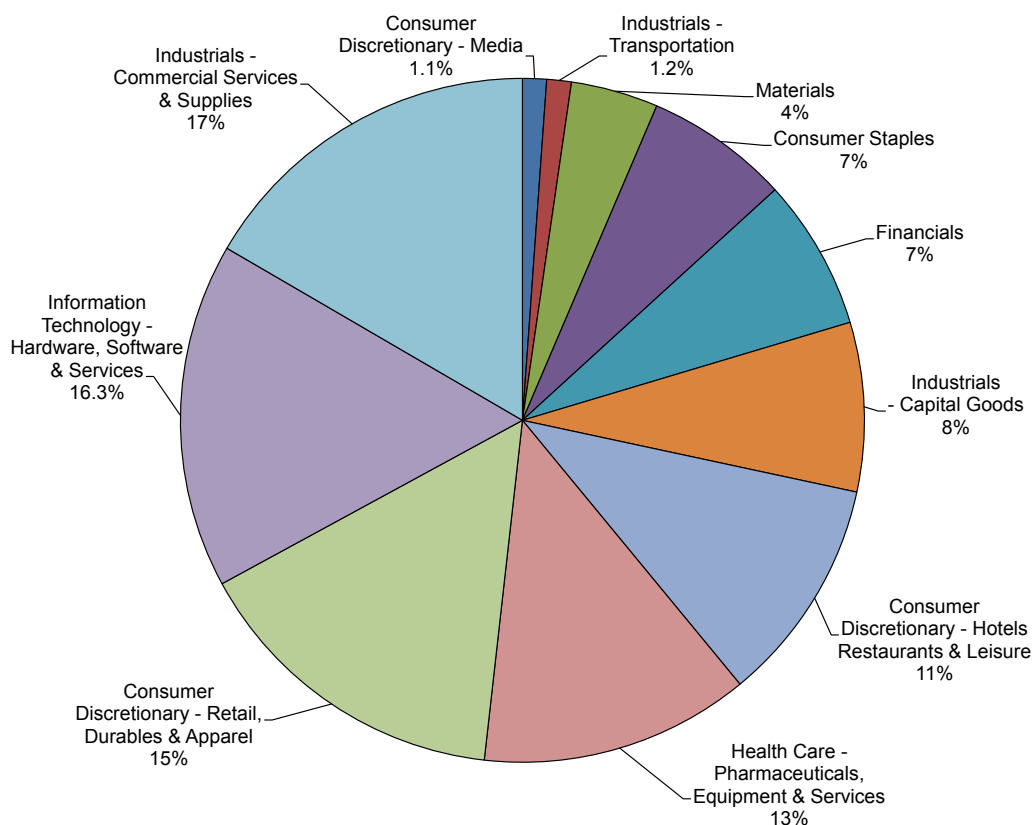
Rank	Investment	Fund	Description	% of VPEG NAV*	Cumulative % of VPEG NAV*
1	Health Care	Archer Capital Fund 4	Owner & Operator of Private Hospitals	8.6%	8.6%
2	iSentia Media (value of remaining shares held following IPO in Jun14)	Quadrant Private Equity No. 2	International Media Services Business	8.1%	16.8%
3	Home & Decor Holdings (Adairs & Dusk)	Catalyst Buyout Fund 2	Specialty Retail - Homewares	7.4%	24.1%
4	Scottish Pacific	Next Capital II	Provider of Debtor Finance Services	5.1%	29.3%
5	Quick Service Restaurants Holdings	Archer Capital Fund 4	Chicken Fast Food Retailing	3.9%	33.2%
6	MYOB (Value of Archer Vendor Loan Note Payable between 2015 & 2018)	Archer Capital Fund 4	Developer, Marketer & Distributor of Business Software Systems	3.5%	36.7%
7	Integrated Packaging Group	Advent V	Manufacturer & Distributor of Packaging Products	3.0%	39.7%
8	Onsite Rentals	Next Capital II	Commercial Rental of Portable Buildings, Toilets & Access Equipment	2.7%	42.4%
9	Orionstone	Advent V	Heavy Equipment Rentals	2.2%	44.7%
10	Independent Pub Group	Quadrant Private Equity No. 2	Owner of Gaming Hotels in Qld, SA & NSW	2.0%	46.6%

\*As at 31 March 2015 (unaudited) calculated on VPEG’s pre tax Net Asset Value (NAV).

### Industry Spread of VPEG’s Underlying Investments

The redemption of preference shares and subsequent demerger of Adairs & Dusk, delivered a distribution to VPEG during the quarter, which resulted in a decrease in VPEG’s exposure to the “Consumer Discretionary—Retail, Durables & Apparel” sector from 17% to 15%.

The “Industrials - Commercial Services & Supplies” and “Information Technology—Hardware, Software & Services” sectors now share the position as VPEG’s largest industry exposures, representing a combined 33.3% of the value of VPEG’s total Private Equity portfolio at 31 March 2015.



## CONTACT DETAILS

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