

Vantage Private Equity Growth Limited

Quarterly Investor Report — Quarter Ending 30 June 2014

< Diversify
< Grow
< Outperform

Special points of interest:

- Quadrant Private Equity No.2 sells 60% of its shares in iSentia into a \$284m IPO.
- Next Capital II sells Aero-Care to Archer Capital Fund 5 for a media reported \$200m
- VPEG Outperforms the S&P ASX 200 Accumulation Index Since Inception to 30 June 2014 by 18.1%.

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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 focussed 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 27 underlying companies with 21 exits now completed from the portfolio.

As at 30 June 2014, 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 April 2014 to 30 June 2014 again saw continued activity within VPEG's private equity investment portfolio.

During the period two follow on investments were completed into existing underlying companies. In addition two underlying company investments were exited, both of which were completed during June 2014.

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

The table to the right provides a summary of the performance of VPEG's portfolio during the June 2014 quarter. As demonstrated VPEG's NAV decreased from \$1.027 to \$0.897 per share.

The \$0.13 / share decrease in VPEG's NAV during the period resulted predominately from the \$0.17 / share + franking credits, distribution paid to all shareholders during June 2014. The reduction in NAV per share was less than the full distribution amount due to an increase in the holding value of a number of private equity investments across the portfolio during the quarter.

Month Ending	VPEG NAV per Ordinary Share*
30-Jun-14	0.897
31-May-14	1.044
30-Apr-14	1.021
31-Mar-14	1.027

*Net Asset Value (NAV) per share post tax

Key Portfolio Developments

During the period 1 April 2014 to 30 June 2014, continued activity within VPEG's portfolio of private equity investments, saw two follow on investments completed and two investments exited.

Draw downs during the quarter totaling **\$188,899**, were made by Archer Capital Fund 4 (Archer 4), Equity Partners 3 (EP3) and Next Capital II.

The majority of these draw downs were called by EP3 for its follow on investment into existing portfolio company, **Aussie Farmers Group**, to assist with its expansion.

Further Capital was called by Archer 4 for its follow on investment into existing portfolio company, **Brownes Dairy**.

The remaining capital drawn from VPEG during the quarter contributed toward working capital expenditure (i.e. underlying fund costs and management fees) for those funds that did not make any specific acquisitions during the quarter.

Also during the quarter a total of **\$2,630,400** in distributions were received by VPEG with a further **\$2,088,450** in distributions declared (and received by VPEG on the 2nd of July 2014) from Catalyst Buyout Fund 2 (CBF2), Next Capital II & Quadrant Private Equity No.2 (QPE2).

Distributions received from **CBF2**, during the quarter, resulted from additional sale proceeds received from the **Actrol** sale to Reece Plumbing, which was completed during the March 2014 quarter.

In addition, during May 2014, **QPE2** completed the sale of approximately 60% of their shares in media monitoring company, **iSentia** following the successful underwriting of iSentia's Initial Public Offering (IPO). iSentia debuted strongly on the ASX on the 5th of June 2014 with the shares up 17% from their IPO price of \$2.04, by the end of the first day's trade. The resulting distribution from this exit was received by VPEG in June 2014.

Also during June 2014, **Next Capital II** sold portfolio company **Aero-Care** to Archer Capital Fund 5. The Aero-Care exit proceeds were received by VPEG in early July 2014.

With 21 exits now completed, 27 underlying private equity company investments remain within the portfolio as at 30 June 2014.

"A total of \$4,718,850 in distributions were received by VPEG, attributable to the June 2014 quarter, resulting mainly from the exits of iSentia and Aero-Care"

Overview of Recent Exits

iSentia - Quadrant Private Equity No. 2

On the 1st of July 2010, Quadrant Private Equity No. 2 (QPE2) acquired, by way of a management buyout, the international media services business, Media Monitors.

Established in 1982 Media Monitors was a market leading international media services business in Australia, New Zealand, China, Hong Kong, Malaysia and Singapore.

Media Monitors serviced over 5,000 corporate and government customers with a suite of products to monitor their customer's interests in all media streams including press, broadcast and internet.

With 24/7 operations, Media Monitors' more than 850 employees from across the region monitor and analyse thousands of information sources, including newspapers and magazines, media conferences, radio and television, news websites and social media sites to provide its clients with relevant and timely media insights.

During 2011, Media Monitors relaunched as Sentia Media (then became iSentia) reflecting its evolution from an Australian media monitoring business to Asia Pacific's leading media intelligence group.

In December 2011 iSentia completed the acquisition of MediaBanc, the market leading media intelligence provider in South East Asia, and China Clipping, a leading media monitoring provider in China. Together with the acquisition of Singapore based Brandtology, a social media monitoring provider, earlier in 2011, iSentia established a platform in Asia which broadened the group's service offering and provided strong synergies.

In May 2014 iSentia concluded the book build for an Initial Public Offering (IPO) and raised \$283.5m through the sale of 139m shares at \$2.04 each. The sale price reflected 15 times 2015 forecast net profit of \$27m giving iSentia a market capitalisation of \$408m.

iSentia shares debuted strongly on the ASX on the 5th of June 2014 and were up 17% by the end of the first day. As at the date of this report iSentia shares were trading at \$2.50, up 23% from their IPO price.

QPE2, retained 50 million shares after the IPO, representing an approximate 25% post IPO holding. The post IPO shares will be escrowed until September 2015 when the 2015 results are released.

The iSentia exit, delivered a strong, top quartile, return to QPE2 investors including VPEG.



Overview of Recent Exits (continued)

Aero-Care - Next Capital II

On 8 September 2011, **Next Capital II** (Next II) completed the management buy-out of Aero-Care Pty Ltd, Australia's largest independent provider of outsourced airport services focused on ground handling.

Aero-Care is a well-run, established, high-margin business exposed to long term growth in outsourced services to the airport infrastructure market. Aero-Care focuses on serving the growing Low Cost Carrier (LCC) segment of the aviation market.

Aero-Care is widely recognised as providing unmatched levels of service to its customers by providing them with a competitive and commercial advantage in terms of cost and performance. Aero-Care is now the most experienced outsourced Flight Support organisation in the Australian aviation industry.

It's major customers are generally serviced under long term contracts and include Virgin Australia, Jetstar, Pacific Blue, Qantas, Emirates, DHL and SkyWest Airlines.

At investment, Aero-Care operated from 16 airport locations across Australia, with revenues well diversified servicing all major airports including, Perth, Adelaide, Hobart, Melbourne, Canberra, Sydney Domestic & International, Coolangatta, Townsville and Cairns.

During Next II's ownership, Aero-Care grew significantly via acquisition and the winning of many new contracts servicing additional airports and airlines such that by June 2014, it employed over 1,500 staff and serviced major domestic and international airlines across 23 airports in Australia and New Zealand.

In June 2014, Next II sold Aero-Care to Archer Capital Fund 5 for a media reported enterprise value of approximately \$200m.

The Aero-Care exit, delivered a strong, top quartile, return to Next II investors including VPEG.



PORTFOLIO STRUCTURE

VPEG's Portfolio Structure – 30 June 2014

The tables and charts below provide information on the breakdown of VPEG's investments as at 30 June 2014.

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	
14.6%	21.6%	Later Expansion	21.1%
		Buyout	42.7%

*As a percentage of VPEG's Investment Portfolio (or Gross Assets). As at 30 June 2014 VPEG's Gross Assets were \$ 33.81 million pre tax.

During the June 14 Quarter a total of \$7.6m was distributed to VPEG Shareholders and \$4.7m in distributions were received by VPEG as a result of the two exits from the portfolio. With other companies re-valued across the portfolio, the resulting net drop in the gross asset value (GAV) of the portfolio was \$4.05m. As result the value of the remaining private equity investments divided by the reduced GAV resulted in VPEG's exposure to private equity investments remaining steady at 63.8% with the cash and fixed interest component of the portfolio also remaining at 36.2%.

Private Equity Portfolio

VPEG, with commitments to seven Private Equity funds, ultimately held interests in twenty seven underlying company investments, at quarter end. VPEG's Private Equity portfolio and commitments, as at 30 June 2014, 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	\$3.82m	8	4
Archer Capital Fund 4	\$1,360m	2007	Mid Market Buyout	\$8.0m	\$7.24m	10	6
Catalyst Buyout Fund 2	\$438m	2008	Mid Market Buyout	\$8.0m	\$5.72m	6	1
Crescent Capital Partners III	\$400m	2006	Small to Mid Market Expansion / Buyout	\$4.0m	\$3.90m	6	3
Equity Partners Fund No. 3	\$76m	2007	Small Market Expansion / Buyout	\$4.0m	\$3.26m	6	1
Next Capital II	\$285m	2008	Small to Mid Market Expansion / Buyout	\$7.0m	\$5.78m	7	2
Quadrant Private Equity No. 2	\$500m	2007	Mid Market Expansion / Buyout	\$8.0m	\$7.03m	5	4
Total				\$43.0m	\$36.75m	48	21

"At the end of the June 2014 quarter, VPEG ultimately held interests in twenty seven 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 30 June 2014.

Rank	Investment	Fund	Description	% of VPEG NAV*	Cumulative % of VPEG NAV*
1	Home & Decor Holdings (Adairs & Dusk)	Catalyst Buyout Fund 2	Specialty Retail - Homewares	5.7%	5.7%
2	iSentia Media	Quadrant Private Equity No. 2	International Media Services Business	5.2%	10.9%
3	Health Care	Archer Capital Fund 4	Owner & Operator of Private Hospitals	5.2%	16.1%
4	GoBus	Next Capital II	Urban and School Bus Operator	3.9%	20.1%
5	Integrated Packaging Group	Advent V	Manufacturer & Distributor of Packaging Products	3.6%	23.7%
6	Scottish Pacific	Next Capital II	Provider of Debtor Finance Services	3.3%	27.0%
7	Quick Service Restaurants Holdings	Archer Capital Fund 4	Chicken Fast Food Retailing	2.8%	29.7%
8	Onsite Rentals	Next Capital II	Commercial Rental of Portable Buildings, Toilets & Access Equipment	2.7%	32.4%
9	Metro Glass	Crescent Capital Partners III	Value Added Glass Processing	2.4%	34.9%
10	Bhagwan Marine	Catalyst Buyout Fund 2	Offshore Transport Servicing the Oil & Gas Industries	2.4%	37.3%

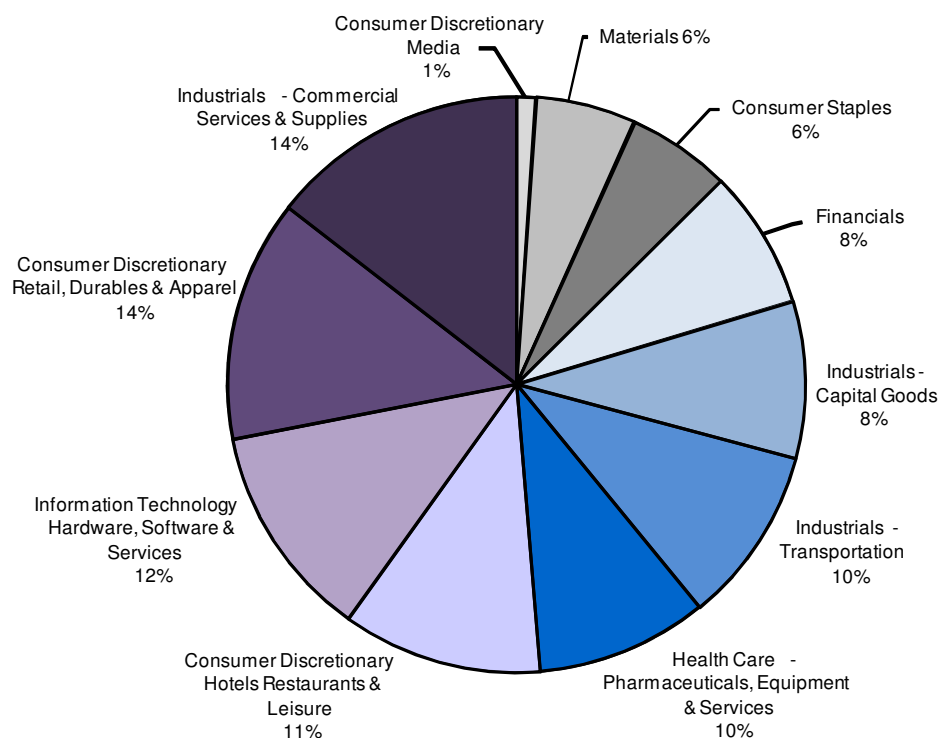
*As at 30 June 2014 (unaudited) calculated on VPEG's pre tax Net Asset Value (NAV).

Industry Spread of VPEG's Underlying Investments

With the IPO sell down and ASX listing of iSentia during the quarter, VPEG's "Information Technology" sector exposure reduced from 16% to 12%.

In addition, with the sale of Aero-Care completed during the quarter, the "Industrials - Commercial Services & Supplies" sector exposure reduced from 22% to 14%.

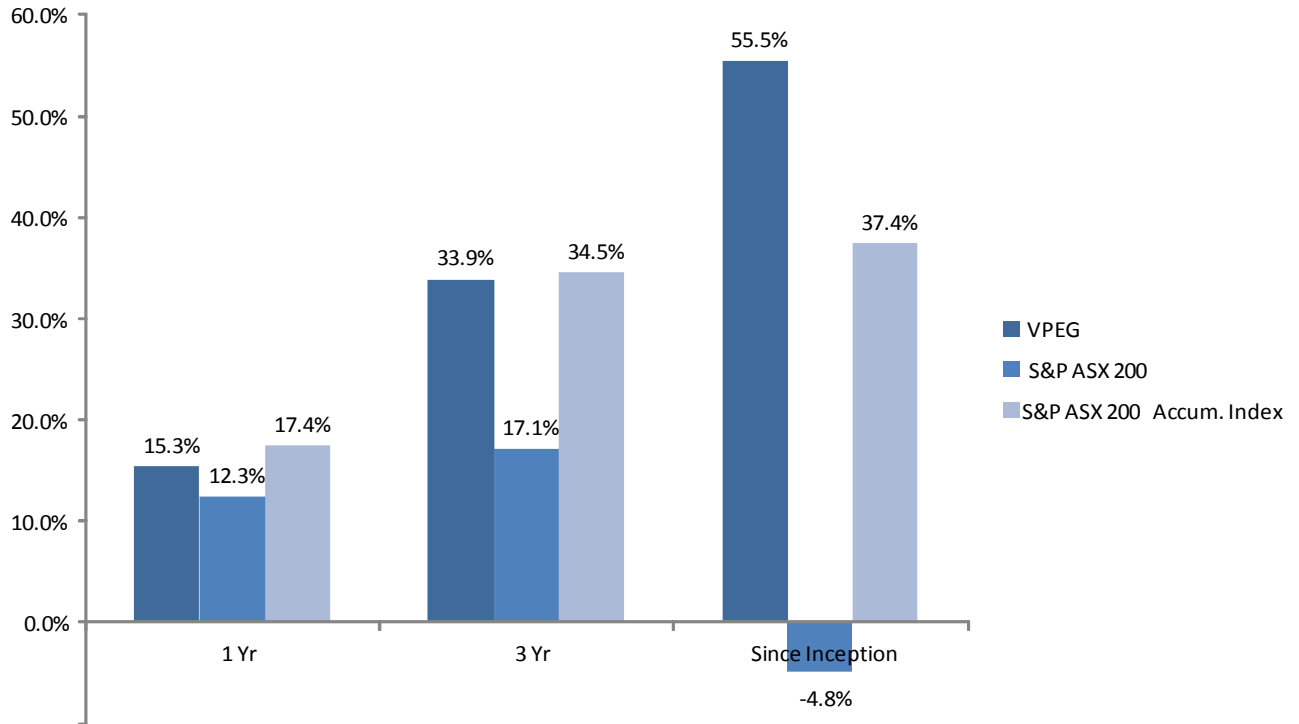
The "Industrials - Commercial Services & Supplies" and the "Consumer Discretionary" sectors share the position as VPEG's largest industry exposures, each representing 14% of the value of VPEG's total Private Equity portfolio at 30 June 2014



VPEG CONTINUES TO OUTPERFORM LISTED MARKETS

Recent analysis of the net returns delivered by VPEG to its shareholders, compared with the returns delivered by the S&P ASX 200 and S&P ASX 200 Accumulation Index, across one year, three years and since inception, confirms VPEG's outperformance over listed markets across the medium to long term time frames.

VPEG Net Return vs. Listed Markets across 1Yr, 3Yr & Since Inception to 30 Jun 14



Source; S&P ASX data - www.rba.gov.au/statistics/tables/pdf/f07.pdf - VPEG data - www.vpeg.info

As demonstrated by the above chart, VPEG's net returns kept pace with listed markets across the past 12 months. Furthermore, across the past three years, VPEG outperformed the S&P ASX 200 by 16.8% and was roughly even with the returns of the S&P ASX 200 Accumulation index. However across the longer timeframe since inception, in November 2006, to 30 June 2014, VPEG outperformed both of these indices by 60.3% and 18.1% respectively.

This analysis demonstrates the value of including a well diversified private equity investment, such as VPEG or VPEG2, into a balanced investment portfolio or superannuation fund, because, although private equity investing may be more illiquid than investing in listed markets and cash, it ultimately enhances the returns achieved by a balanced investment portfolio. This is due to private equity's higher "absolute" returns profile as well as its low correlation to the performance of listed markets.

Note; VPEG Net Returns include; the current residual post tax net asset value of VPEG as at 30 June 2014 plus the value of cash distributions and franking credits paid to shareholders since inception. It does not include the value of the residual franking credits held on VPEG's balance sheet as at 30 June 2014.

For more information on VPEG visit www.vpeg.info

For more information about VPEG2 as well as to download current versions of the VPEG2 Investment Summary and the VPEG2 Information Memorandum and application forms visit www.vpeg2.info.

The next closing date for applicants seeking to invest in VPEG2 is 31 October 2014.

CONTACT DETAILS

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