

Vantage Private Equity Growth Limited

Quarterly Investor Report — Quarter Ending 31 December 2014

< Diversify
< Grow
< Outperform

Special points of interest:

- VPEG Delivers 10.2%p.a. Net Return to Shareholders Across the 12 Months to 31 December 2014.
- VPEG's Net Profit After Tax has Grown on Average at 66% per Annum.
- VPEG has now paid \$87,469 in cumulative distributions, per 100,000 shares, since inception.
- VPEG Continues to Outperform Listed Markets Across the Short, Medium and Long Term Time Frames.

Inside this report:

Performance	2
Key Portfolio Developments	2
Portfolio Structure	3
Industry Spread of VPEG's underlying Investments	4
VPEG Delivers Strong Net Profit Growth	5
VPEG Continues it's Outperformance of	6
Contact Details	7

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 December 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 October 2014 to 31 December 2014 was relatively quiet in terms of follow on investments and exits from VPEG's private equity investment portfolio although the remaining shares of one portfolio company that was listed on the ASX in December 2013 were sold.

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 December 2014 quarter. As demonstrated VPEG's NAV decreased by \$0.163 from \$0.912 to \$0.749 per share.

The decrease in VPEG's NAV during the period resulted predominately from the \$0.174 per share in distributions paid to all shareholders during quarter. The distributions paid included a 10c per share fully franked dividend paid on 21 November 2014 and a 7.4c per share Return of Capital paid on 16 December 2014.

Month Ending	VPEG NAV per Ordinary Share*
31-Dec-14	0.749
30-Nov-14	0.814
31-Oct-14	0.916
30-Sep-14	0.912

*Net Asset Value (NAV) per share post tax

Key Portfolio Developments

The period 1 October 2014 to 31 December 2014, was relatively quiet in terms of follow on investments and exits from VPEG's portfolio of private equity investments. However the final sell down of the remaining shares of an ASX listed portfolio company was completed.

Draw downs during the quarter totaling **\$8,448**, were called by Quadrant Private Equity No.2 which contributed toward working capital expenditure (i.e. underlying fund costs and management fees) for that fund during the quarter.

Also during the quarter a total of **\$1,760,283** in distributions were received by VPEG from Crescent Capital Partners III (CCPIII), Equity Partners 3 and Next Capital II (Next II).

Distributions received from **CCPIII**, during the quarter, resulted from the final sell down of the remaining shares of (Dec 13) ASX listed portfolio company **CoverMore** which was completed in October 2014.

In addition, during October 2014, **Next II** distributed the proceeds of the sale of portfolio company **GoBus** which had been completed in September 2014 and reported in VPEG's previous quarterly report.

With 23 exits now completed, 25 underlying private equity company investments remain within the portfolio as at 31 December 2014.

"A total of \$1,760,283 in distributions were received by VPEG during the quarter, resulting mainly from the exit of GoBus and the sale of remaining shares in ASX listed CoverMore"

PORTFOLIO STRUCTURE

VPEG's Portfolio Structure – 31 December 2014

The tables and charts below provide information on the breakdown of VPEG's investments as at 31 December 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	
		4.1%	26.1%
		Buyout	51.7%

*As a percentage of VPEG's Investment Portfolio (or Gross Assets). As at 31 December 2014 VPEG's Gross Assets were \$28.5 million pre tax.

With VPEG distributing \$6.16m, in the form of dividends and return of capital, to shareholders during the quarter, VPEG's cash and fixed interest component of the investment portfolio reduced from 37.6% to 30.2% with its exposure to private equity investments increasing from 62.4% to 69.8% of its total investment portfolio.

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 December 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	\$3.87m	8	4
Archer Capital Fund 4	\$1,360m	2007	Mid Market Buyout	\$8.0m	\$7.26m	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	\$7.05m	5	4
Total				\$43.0m	\$37.08m	48	23

"At the end of the December 2014 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 December 2014.

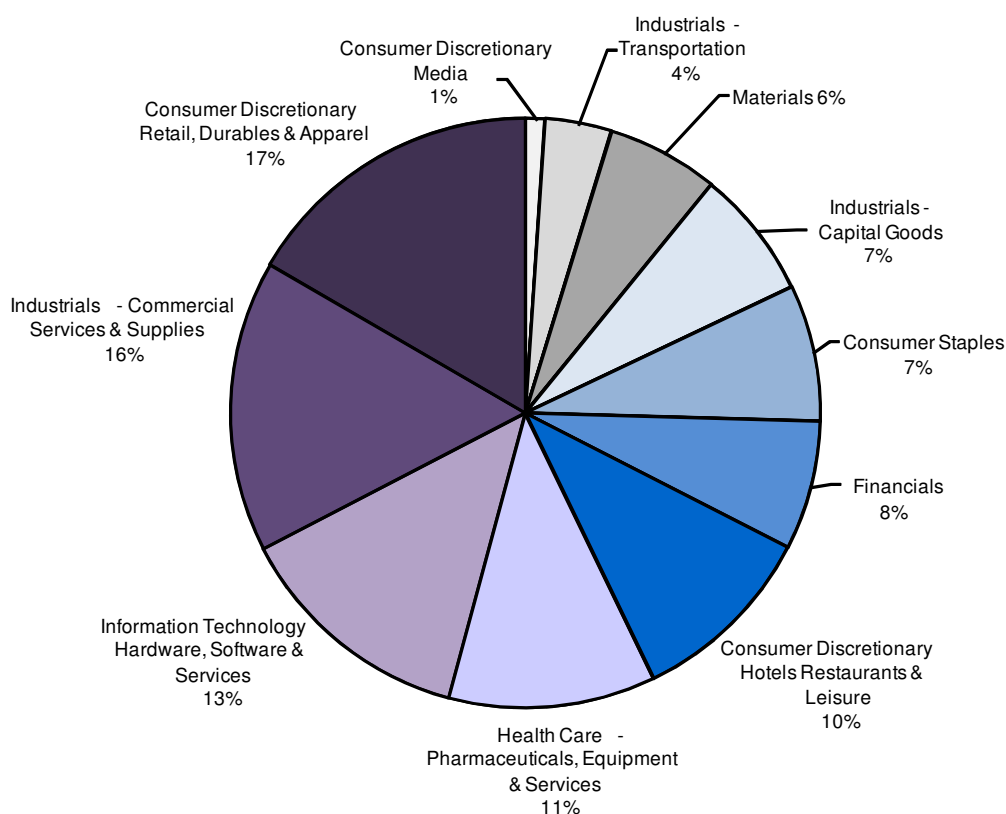
Rank	Investment	Fund	Description	% of VPEG NAV*	Cumulative % of VPEG NAV*
1	Home & Decor Holdings (Adairs & Dusk)	Catalyst Buyout Fund 2	Specialty Retail - Homewares	8.2%	8.2%
2	Health Care	Archer Capital Fund 4	Owner & Operator of Private Hospitals	7.4%	15.7%
3	iSentia Media (value of remaining shares held following IPO in Jun14)	Quadrant Private Equity No. 2	International Media Services Business	6.0%	21.6%
4	Scottish Pacific	Next Capital II	Provider of Debtor Finance Services	5.0%	26.6%
5	Integrated Packaging Group	Advent V	Manufacturer & Distributor of Packaging Products	4.3%	30.9%
6	Quick Service Restaurants Holdings	Archer Capital Fund 4	Chicken Fast Food Retailing	3.6%	34.5%
7	MYOB (Value of Archer Vendor Loan Note Payable between 2015 & 2018)	Archer Capital Fund 4	Developer, Marketer & Distributor of Business Software Systems	3.3%	37.8%
8	Onsite Rentals	Next Capital II	Commercial Rental of Portable Buildings, Toilets & Access Equipment	2.6%	40.5%
9	Bhagwan Marine	Catalyst Buyout Fund 2	Offshore Transport Servicing the Oil & Gas Industries	2.6%	43.0%
10	Orionstone	Advent V	Heavy Equipment Rentals	2.2%	45.2%

*As at 31 December 2014 (unaudited) calculated on VPEG's pre tax Net Asset Value (NAV).

Industry Spread of VPEG's Underlying Investments

With the proceeds from the sale of GoBus received during the quarter, VPEG's "Industrials - Transportation" sector exposure reduced from 10% to 6%.

The "Industrials - Commercial Services & Supplies" and the "Consumer Discretionary - Retail, Durables & Apparel" sectors share the position as VPEG's largest industry exposures, representing a combined 33% of the value of VPEG's total Private Equity portfolio at 31 December 2014.

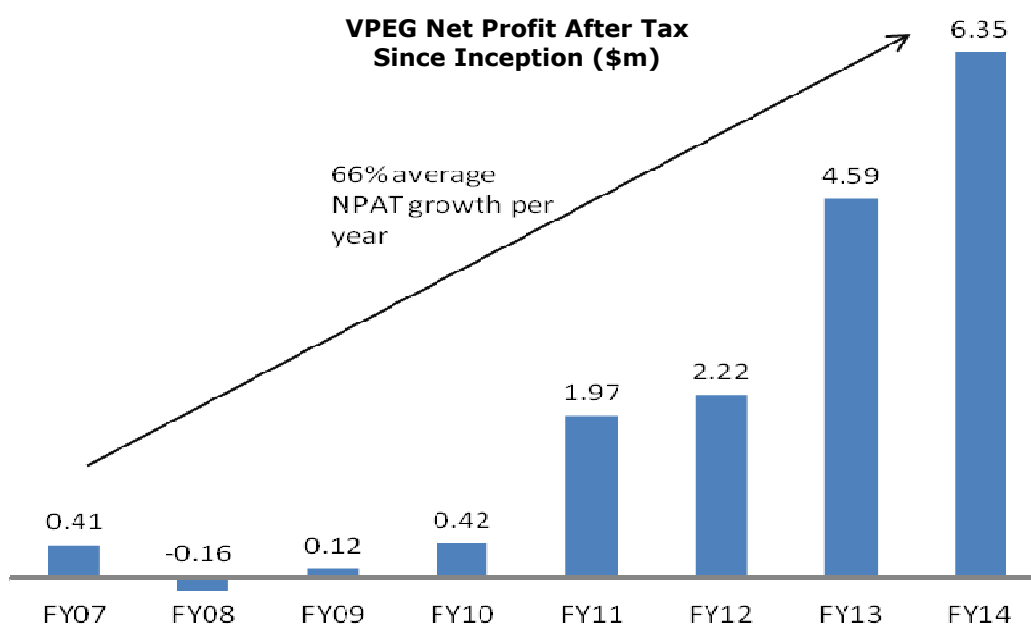


VPEG DELIVERS STRONG NET PROFIT GROWTH

During the quarter, VPEG's FY14 audited annual accounts were finalised and distributed to shareholders with another record year of financial achievements for the company including;

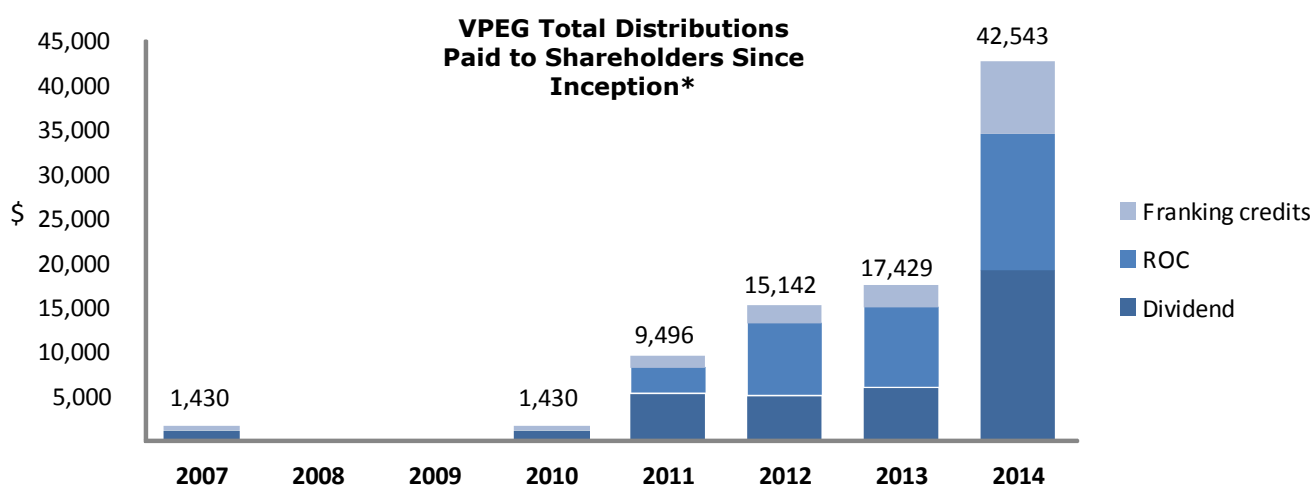
- Income received from underlying private equity funds up by 54.2% over the previous year, to \$9.03m,
- Total Income up by 49.4% to \$9.4m,
- Net Profit after tax up by 38.5% to \$6.35m and,
- Retained Earnings up by 20.3% to \$6.41m.

Detailed below is a graph of the growth in VPEG's Net Profit After Tax (NPAT) each financial year since inception. As demonstrated VPEG's NPAT has grown on average at 66% per year since FY07 and with a cumulative NPAT of \$15.92m through to 30 June 2014, has delivered net earnings per share of \$0.45 since inception.



Source; VPEG Annual Reports, 2007-2014

The strong net profit growth achieved by VPEG has also delivered strong distribution flows to shareholders. The graph below provides a breakdown of distributions paid to shareholders, per 100,000 shares, since inception to 31 December 2014. Each bar of the graph is split into the components of each year's distribution being; Dividend (franked), Return of Capital (ROC) and Franking Credits. The total of all distribution components paid each year is listed at the top of each bar. As demonstrated by the graph VPEG paid \$42,543* in distributions across 2014 and in total has now paid **\$87,469** in cumulative distributions, per 100,000 shares, since inception.

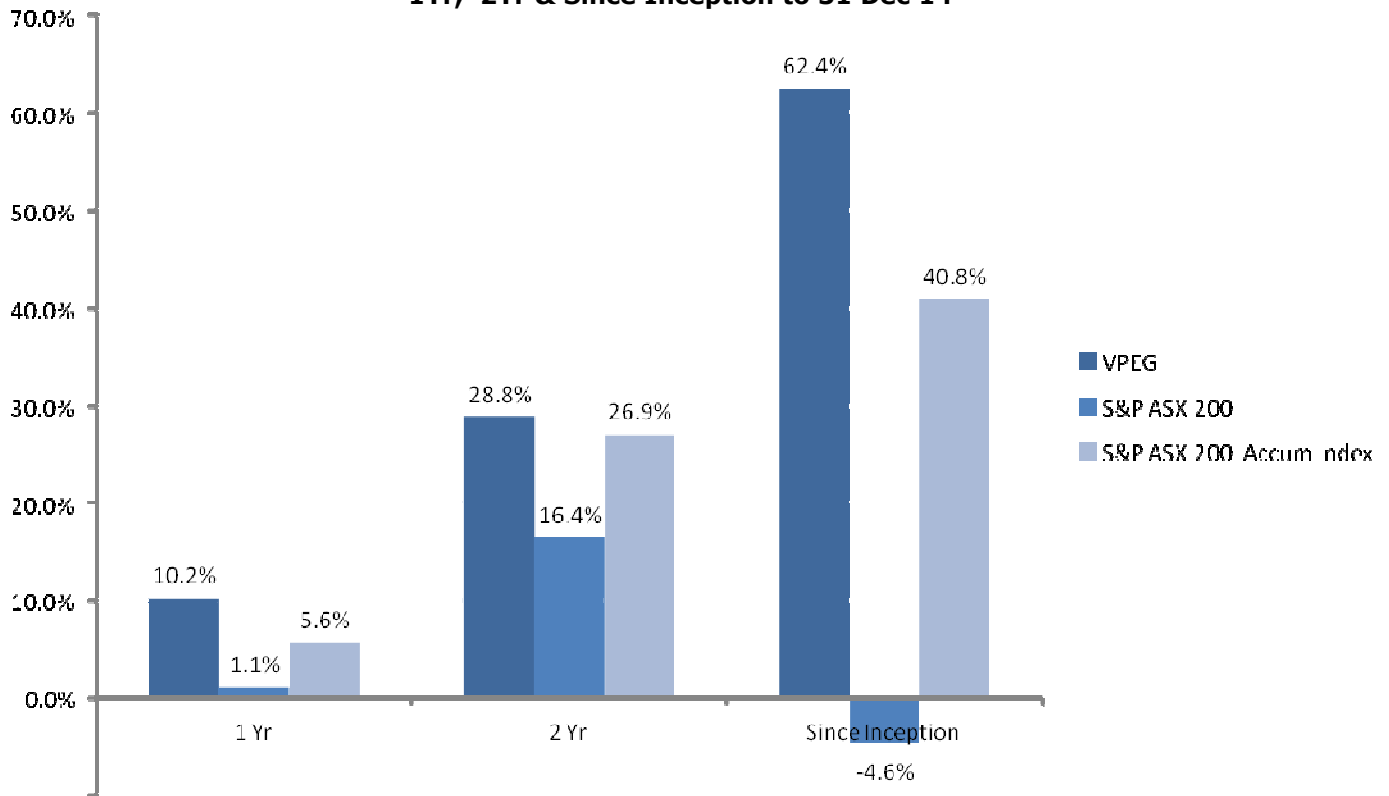


Note* per 100,000 shares. Source; VPEG Annual Reports, 2007-2014

VPEG CONTINUES IT'S OUTPERFORMANCE OF LISTED MARKETS

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, two years and since inception, confirms VPEG's continued outperformance over listed markets across the short, medium to long term time frames.

**VPEG Net Return vs. Listed Markets across
1Yr, 2Yr & Since Inception to 31 Dec 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 short term performance compared with listed markets has been relatively strong having outperformed the S&P ASX 200 by 9.1% and the S&P ASX 200 Accumulation index by 4.6% across the past 12 months. Furthermore across the past two years VPEG has outperformed these indices by 12.4% & 1.8% respectively.

However it is across the longer term time frame that VPEG has demonstrated its value to investors, with a substantial outperformance of 66.9% to the S&P ASX 200 and 21.6% to the S&P ASX 200 Accumulation index since inception in November 2006, to 31 December 2014.

Putting this into perspective, for an average investment in VPEG of \$100,000 at inception, a shareholder is \$21,600 better off than if they had invested in the S&P ASX 200 Accumulation index and reinvested all their dividends back into that index along the way.

This analysis once again 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 31 December 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 31 December 2014.

CONTACT DETAILS

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