

Vantage Private Equity Growth Limited

Quarterly Investor Report — Quarter Ended 31 March 2016

< Diversify
< Grow
< Outperform

Special points of interest:

- Subsequent to quarter end, Archer 4 completes the sale of Healthe Care to China's Luye Medical Group, following approval by the Foreign Investment Review Board.
- VPEG's Board approves a 4.3c per share Return of Capital to all shareholders following the receipt of distributions from the Healthe Care exit.
- Payment of the Return of Capital distribution will be made to all Shareholders, prior to 30 June 2016, subject to the approval of VPEG Shareholders at a General Meeting to be held during June 2016.

Inside this report:

Performance	2
Key Portfolio Developments	2
Portfolio Structure	3
Industry Spread of VPEG's underlying Investments	4
Contact Details	5

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 held interests in 25 underlying companies at quarter end with 24 exits completed from the portfolio.

As at 31 March 2016, 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 2016 to 31 March 2016 saw continued activity within VPEG's private equity investment portfolio.

During the period, one follow-on investment was added to an existing underlying portfolio company.

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 2016 quarter. As demonstrated, VPEG's NAV decreased from \$0.597 to \$0.592 per share.

The slight decrease in VPEG's NAV during the period resulted from the management, custody, administration and other underlying fund costs incurred by VPEG slightly exceeding the earnings of underlying portfolio companies and the interest earned on VPEG's cash and fixed interest investments during the quarter.

Month Ending	VPEG NAV per Ordinary Share*
31-Mar-16	0.592
29-Feb-16	0.598
31-Jan-16	0.599
31-Dec-15	0.597

*Net Asset Value (NAV) per share post tax

Key Portfolio Developments

The period 1 January 2016 to 31 March 2016 saw continued activity within VPEG's Private Equity investment portfolio, with one follow-on investment.

Draw downs during the quarter totalling **\$71,200** were called by Advent V and Catalyst Buy-out Fund 2 (CBF2).

One of these draw downs was called during the quarter for a follow-on investment of an underlying investment company and the other for a contribution toward working capital expenditure (i.e. underlying fund costs and management fees).

During the quarter, capital was called by **CBF2** for an additional investment into **Cirrus Media**.

Also during the quarter, VPEG was advised that **\$60,000** in distributions were attributable to VPEG from **CBF2**, resulting from the remaining sale proceeds from the previous exit of Actrol after being released from escrow. However no cash distribution was received by VPEG, as the funds were used to meet VPEG's obligations for the capital call for CBF2's follow-on investment in **Cirrus Media**, mentioned above.

Furthermore, VPEG was also advised during the quarter of **\$9,411** in distributions from Quadrant Private Equity 2, representing the residual payment from the sale of the IPG South Australia pubs portfolio and a final distribution upon the finalisation of the fund.

As reported last quarter, Archer Capital Fund 4 announced that they had signed an agreement for the sale of Portfolio company **Healthe Care** to China's, Luye Medical Group. The sale was completed on the 12th April 2016 following approval by the Foreign Investment Review Board. VPEG received its share of the proceeds from sale in April 2016 in the form of Income, capital gains and Return of Capital (ROC). Subsequently VPEG's Board approved a 4.3 cent per share ROC to VPEG shareholders representing the ROC distribution component received from Archer 4 from the Healthe Care exit. Subject to shareholder approval at a general meeting to be held in June 2016, the ROC distribution to shareholders will be made by the end of June 2016.

With 24 exits completed to date, 25 underlying Private Equity company investments remained within VPEG's underlying portfolio as at 31 March 2016. (Note: The Healthe Care sale was completed post quarter end).

"VPEG's Board approves a 4.3c per share Return of Capital to all shareholders following the completion of the sale of Healthe Care by Archer 4."

PORTFOLIO STRUCTURE

VPEG's Portfolio Structure – 31 March 2016

The tables and charts below provide information on the breakdown of VPEG's investments as at 31 March 2016.

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	
		Later Expansion	Buyout
3.2%	17.8%	17.0%	62.0%

*As a percentage of VPEG's Investment Portfolio (or Gross Assets). As at 31 March 2016 VPEG's Gross Assets were \$19.3 million pre tax.

During the quarter, VPEG's exposure to Private Equity investments increased from 75.3% to 79% with the cash and fixed interest component of the portfolio decreasing from 24.7% to 21% of total portfolio value. The decrease in VPEG's cash and fixed interest investments during the quarter resulted from the payment of VPEG's FY15 income tax to the ATO. This reduction in VPEG's cash holdings caused a proportional increase in the percentage of the overall portfolio value attributable to VPEG's existing private equity investments.

"During the Quarter, VPEG's exposure to Private Equity investments increased from 75.3% to 79%."

Private Equity Portfolio

VPEG, with commitments to seven Private Equity funds, ultimately held interests in twenty five underlying company investments, at quarter end. (Note: The exit of Heathe Care will be reflected in the results for the June quarter as the sale was not completed until April 2016). VPEG's Private Equity portfolio and commitments, as at 31 March 2016, 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	\$3.97m	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	\$6.04m	7	2
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	\$3.61m	6	1
Next Capital II	\$285m	2008	Small to Mid Market Expansion / Buyout	\$7.0m	\$6.06m	7	3
Quadrant Private Equity No. 2	\$500m	2007	Mid Market Expansion / Buyout	\$8.0m	\$7.06m	5	5
Total				\$43.0m	\$37.91m	49	25

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 2016.

Rank	Investment	Fund	Description	% of VPEG NAV*	Cumulative % of VPEG NAV*
1	Health Care	Archer Capital Fund 4	Owner & Operator of Private Hospitals	18.3%	18.3%
2	Scottish Pacific	Next Capital II	Provider of Debtor Finance Services	12.5%	30.9%
3	Home & Decor Holdings (Dusk & Adairs - value of remaining shares held following IPO in June 15)	Catalyst Buyout Fund 2	Specialty Retail - Homewares	8.9%	39.8%
4	Quick Service Restaurants Holdings	Archer Capital Fund 4	Chicken Fast Food Retailing	5.2%	44.9%
5	Home Ventilation Products	Equity Partners III	Industrials - Capital Goods	4.8%	49.8%
6	Integrated Packaging Group	Advent V	Manufacturer & Distributor of Packaging Products	4.2%	54.0%
7	GroundProbe	Crescent Capital Partners III	Industrials - Commercial Services & Supplies	2.8%	56.8%
8	Steel-line	Crescent Capital Partners III	Industrials - Capital Goods	2.4%	59.1%
9	Discovery Holiday Parks	Next Capital II	Caravan & Cabin Park Owner & Operator	2.3%	61.4%
10	Next Athleisure	Next Capital II	Consumer Discretionary - Retail	2.2%	63.7%

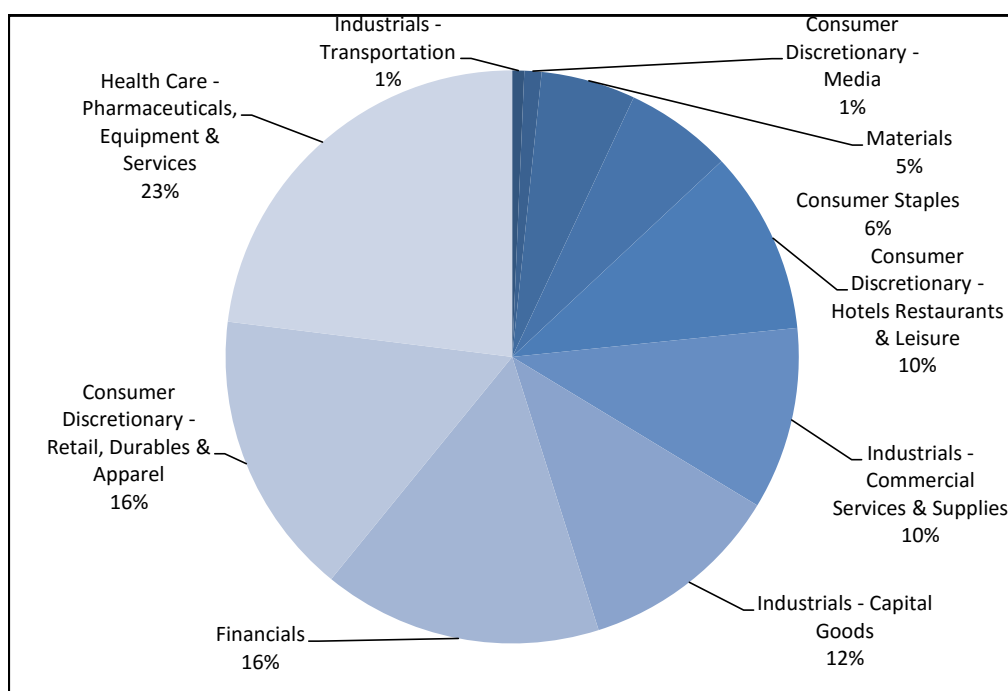
*As at 31 March 2016 (unaudited) calculated on VPEG's pre tax Net Asset Value (NAV).

Industry Spread of VPEG's Underlying Investments

As there were no significant additional investments or exits completed from VPEG's underlying portfolio during the quarter, VPEG's portfolio industry exposure remained relatively unchanged from the previous quarter.

The Health Care—Pharmaceuticals, Equipment & Services" sector remains VPEG's largest industry exposure, representing 23% of the value of VPEG's total Private Equity portfolio at 31 March 2016.

A more pronounced change in VPEG's industry sector exposure is expected next quarter subsequent to the finalisation of the sale of Heathe Care which comprised the majority of the "Health Care—Pharmaceuticals, Equipment and Services" sector at 31 March 2016.



CONTACT DETAILS

Vantage Private Equity Growth Limited

Level 25, Aurora Place
88 Phillip Street
Sydney NSW, 2000 Australia
Email: enquiries@vpeg.info
Internet: www.vpeg.info

Investment Manager

Vantage Asset Management Pty Limited
Managing Director - Michael Tobin
Phone: +612 8211 0477
Fax: +612 8211 0555
Email: investor@vantageasset.com
